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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 39

FRIDAY, APRIL 16, 1948

WITNESS:

Mr. W. E. Tummon, Secretary-Treasurer of the Ontario Hog Producers' Association and Secretary-Treasurer of the Ontario Hog Producers' Marketing Board, Foxboro, Ont.

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MINUTES OF PROCEEDINGS

FRIDAY, APRIL 16, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Irvine, Lesage, Martin, Maybank, Mayhew, Merritt, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee in attendance.

The Chairman drew the attention of the Committee to an error in the printed record which was ordered corrected, as follows:

Page 1803, Minutes of Evidence of April 13, 1948, (No. 36), in the last two lines of Invoice No. 89235, Canada Packers Limited to Swift Canadian Company, the figures 100/54, 5400 and 3,577·50 to be dropped one line, and under the line "Canada Packers Limited" add "Halifax, N.S.", making the Invoice read as follows:

INVOICE

No. 89235

CANADA PACKERS LIMITED

Halifax, N.S.

Sold to Swift Canadian Company
North St.
Date: March 23, 1948.

Quantity		Description	Weight	Price	Extension
100	Boxes	White Lily Butter Flats		68¼*	
		100/54	5400	66¼	3,577.50

*Indicates pencil mark across this on original exhibit.

Mr. W. E. Tummon, Secretary-Treasurer of the Ontario Hog Producers' Association and Secretary-Treasurer of the Ontario Hog Producers' Marketing Board, Foxboro, Ont., was called, sworn and examined.

At 1.00 p.m., witness retired and the Committee adjourned until Monday, April 19, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

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MINUTES OF EVIDENCE

HOUSE OF COMMONS,
April 16, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will come to order, please.

Mr. DYDE: Mr. Chairman, with reference to Exhibit 98, certain questions were asked me yesterday and I have further information which I would like to put on the record. It will only take a few minutes. Exhibit 98 is the mill feed prices exhibit.

Exhibit 98 was exhibited for a particular purpose. I was thinking, when I put it in, of the actual price and not why the prices were such as they are. However, I am able to give further information with regard to that. I think also there is a matter of correcting a remark which I made yesterday. I am informed by the Wartime Prices and Trade Board officials that bran, shorts and middlings were decontrolled on September 15, 1947. I think I said yesterday it was on October 22 and that the date of decontrol in the coarse grains and the discontinuance of the subsidies on coarse grains was October 22, 1947; so that there is a difference in the bran, shorts and middlings, between them and barley meal and chopped oats.

Then, with reference to mill feed prices, I think it was Mr. Winters who asked if I could give him some help on Halifax prices, and I can. I have picked out certain dates which I think show the trend sufficiently, and I think I had better read them into the record while dealing with Exhibit 98. The prices at Halifax for these various items were as follows:

PRICES

Date	Bran	Shorts	Middlings	Barley Meal	Chopped Oats
October 18	$44.15	$45.15	$48.15	$57.65	$57.65
December 16	49.65	50.90	54.90	70.40	71.00
January 12	54.65	55.75	59.15	71.40	70.00
March 17	56.15	57.15	61.15	65.60	64.00

With regard to exhibit 94, which is the big prices exhibit, I was asked also if I could produce some Halifax prices. It may be that in time I can produce some prices that will be useful, but I cannot do so this morning. I may have to use Moncton and Charlottetown as well as Halifax in order to get the prices. The difficulty is to get representative prices such as I was able to supply for the other centres.

Mr. MAYHEW: What prices are these? Are they based on Toronto, or Ontario?

Mr. DYDE: As I said yesterday, Mr. Mayhew, these prices are the prices in Ontario, and I named the centres for which these prices were quoted.

Mr. LESAGE: Do you mind if I ask you again what date the price controls were lifted? You say that was in September?

Mr. DYDE: Yes.

Mr. FLEMING: That matter of bran, shorts and middlings apparently does not correspond with the oats increase. I think we should have some explanation on those particular figures which are indicated there in the first three columns.

They apparently do not indicate any increase until October when they take a sudden jump and maintain a higher level from there on.

Mr. DYDE: Yes, my information for the present is that that is correct, that they did not take a jump immediately following decontrol.

Mr. FLEMING: We will be having evidence on that from the Wartime Prices and Trade Board?

Mr. DYDE: Yes. I say yes, but at the same time I do not want to get pushed too far into an investigation of mill feed prices. I will try to verify that, but these prices are supplied, as I said, because I was continually being referred to the price of these various commodities. Now, if I have to enlarge on that and go into the question of why, then I am anticipating our investigation into feed grain; but I will try to get you the answer to the problem that you raise.

Mr. MAYHEW: I would not be too sure, but I think the price level continued fairly uniform after decontrol for a certain period of time without any raise in price until stocks then on hand had been disposed of.

Mr. DYDE: Mr. Chairman, Mr. Tummon is here.

The CHAIRMAN: Before the witness is called, the clerk calls my attention to an error in the record of Canada Packers, referring to exhibit 84. He says:

May I draw the attention of the committee to an error in the reproduction of exhibit 84 which appears on page 1803 of No. 36, of the printed record. In order to correspond with the original exhibit, the figures 100/54, 5400, and 3,577.50 should be dropped one line. Since the examination of the witnesses had a bearing on these figures, the correction would seem important. The words "Halifax, N.S.," should also appear under the line "Canada Packers Limited".

Thus, for the following three lines

100	Boxes	White Lily Butter Flats	100/54	5400	68¼*	3,577.50
					66¼	

*Indicates pencil mark across this on original exhibit.

Substitute:

100	Boxes	White Lily Butter Flats			68¼*	
			100/54	5400	66¼	3,577.50

*Indicates pencil mark across this on original exhibit.

(See Minutes of Proceedings of this day)

I will give this to the clerk and he will be able to follow this explanation perhaps better.

William Ernest Tummon, Secretary Treasurer, Ontario Hog Producers Association, and Secretary Treasurer of the Ontario Hog Producers Marketing Board, Foxboro, Ontario, called and sworn:

The CHAIRMAN: Mr. Tummon, I understand that you were a member of parliament?

The WITNESS: Yes, that is right.

The CHAIRMAN: And that you were here for a long time. No doubt you notice how youthful Mr. Irvine has become in the long interval.

The WITNESS: Yes, I notice that, Mr. Chairman.

The CHAIRMAN: We are glad to have you here.

By Mr. Dyde:

Q. What is your full name, Mr. Tummon?—A. William Ernest Tummon.
Q. Your home address?—A. Foxboro, Ontario.
Q. That is near Belleville, is it not?—A. It is.

Q. What is your position?—A. I am secretary treasurer of the Ontario Hog Producers Association and secretary treasurer of the Ontario Hog Producers Marketing Board.

Q. What is the address of your office?—A. Room 61, 77 York Street, Toronto.

Q. I understand, Mr. Tummon, also that you operate a farm yourself?—A. I do.

Q. That is at Foxboro, is it?—A. Yes.

Q. Would you mind telling the committee the size of the farm?—A. 240 acres.

Q. Would you mind at the same time giving your activities with regard to the production of hogs? You produce hogs on your farm?—A. We do.

Q. And annually how many approximately?—A. It varies from year to year according to the labour. We never have less than 50 hogs and sometimes we have up to 100 or more.

Q. You have here with you, Mr. Tummon, a brief to be submitted to this committee?—A. Yes.

Q. I will ask you to read this brief, Mr. Tummon.—A. Perhaps, since all members of the committee are supplied with a copy of this brief, it would not be necessary for me to read the list of officers.

The CHAIRMAN: We could take that as read, but it will be printed in the evidence.

The WITNESS:

Officers of the Ontario Hog Producers Association

President—Chas. W. McInnis, R.R. 1, Iroquois, Ontario.

Vice-President—Alva Rintoul, Carleton Place, Ontario.

Secretary-Treasurer—W. E. Tummon, R.R. 1, Foxboro, Ontario.

Executive Members:—

District 1. Geo. Pollock, R.R. 1, Berwick, Ontario
District 2. W. E. Tummon, R.R. 1, Foxboro, Ontario
District 3. F. Charles Newton, Barrie, Ontario
District 4. Wilfred Bishop, R.R. 3, Norwich, Ontario
District 5. Norman McLeod, R.R. 7, Galt, Ontario
District 6. George Johnson, R.R. 3, Owen Sound, Ontario
District 7. Clayton Frey, R.R. 3, Sarnia, Ontario.

Objects—To advance the interests of hog producers in Ontario, to promote improvement in the production of hogs, and to assist the Marketing Board to improve the marketing facilities and marketing conditions of hogs produced in Ontario.

Membership—All producers who supply hogs for processing are members, the number being not less than 70,000. There is a branch of the association in each county of the province.

Officers of the Ontario Hog Producers Marketing Board

District 1. Geo. Pollock, R.R. 1, Berwick, Ontario
District 2. W. E. Tummon, R.R. 1, Foxboro (Secretary-Treasurer)
District 3. F. Charles Newton, Barrie, Ontario
District 4. Wilfred Bishop, R.R. 3, Norwich Ontario

District 5. Norman McLeod, R.R. 7, Galt, Ontario (Chairman)
District 6. George Johnson, R.R. 3, Owen Sound, Ontario
District 7. Clayton Frey, R.R. 3, Sarnia, Ontario.

Objects—Through a "Scheme" under the powers afforded by the Ontario Farm Products Marketing Act to regulate, control and improve the marketing of hogs.

Production of Hogs.—The total number of hog carcasses graded in Canada in 1947 was 4,755,971, an increase of approximately 300,000 over 1946. The number of Ontario hog carcasses graded was 2,091,329—or approximately 44 per cent of the total for the dominion. Of our total Ontario production (as graded) 828,649 were grade "A" in comparison to 676,852 for the rest of Canada. Thus, Ontario last year produced 55 per cent of all grade "A" hogs.

The number of B1 hogs in Ontario for 1947 was 854,164. Thus, approximately 80 per cent of our total production was graded into the two top grades, "A" and B1. It is from these two grades that Wiltshire is obtained for export.

The above figures, as they relate to Ontario, apply to hog carcasses graded under Dominion Government Grading regulations and cover 30 plants in the province, 12 of which are licensed as exporters and come under the Meat and Canned Food Act, 2 plants under the same Act but not licensed as exporters, and 16 plants that have Dominion Government Grading of hogs only. In addition, there are a number of butchers or small processors where grading facilities are not available and their kill can only be estimated. Perhaps the number might be between 300,000 and 500,000 hogs per year. Thus, we feel that total hog production in Ontario last year was not less than 2,400,000. Production in 1947 was approximately 18 per cent above 1946. Ontario has been a pretty consistent producer of hogs for a number of years and the industry brings to the farmers well over a hundred million dollars annually.

While in certain sections of the province there are those who produce special crops, such as tobacco, fruit, and vegetables for canning, yet the great majority of our farmers must depend upon live stock production. Thus a dependable hog industry is of great importance to our farmers.

Markets.—For years there have been two main markets for our product: the Canadian consumer and the United Kingdom. Both are important. Of the two the domestic market is the one we are sure of, providing it is not abused. Under ordinary conditions the domestic consumer is just as particular and demands as good quality as the British consumer.

It is stated that previous to the war the United Kingdom absorbed from 60 per cent to 75 per cent of all the world exports of pork products. Therefore, looking to the future for a permanent market for our surplus, producers have appreciated the toe-hold obtained in that market during war years. We realize, however, that if we are to retain a fair share of that market in the years ahead we must have:—

1. A top quality product
2. Continuity of supply
3. Volume sufficient to afford an adequate coverage of the market.

These requirements are of equal importance for the domestic market and our organizations have consistently carried on promotion work in this regard, which perhaps helps to account for the fact that we produce approximately 55 per cent of the grade "A" hogs.

CANADIAN-UNITED KINGDOM BACON AGREEMENTS

Contract Year	*Effective from*	*Price per 100 lb. for Grade A Wiltshires*
1939-40	December 14, 1939	$18.01
1940-41	November 1, 1940	15.82
1941-42	October 1, 1941	19.77
1942-43	October 1, 1942	21.75
1944-45	October 1, 1944	22.50
1946	January 1, 1946	22.50
	April 1, 1946	25.00
1947	January 11, 1947	27.00
	September 1, 1947	29.00
1948	January 1, 1948	36.00

By Mr. Fleming:

Q. Have you given anywhere in your brief the figures showing the quantities of sales under the agreements?—A. I have only mentioned it in regard to last year.

Q. I was wondering whether there was any reflection of those prices upon production?—A. That would be available from the meat board.

Q. I just wondered if it was in the brief?—A. No.

The CHAIRMAN: Could we not comment on the statement afterwards? I think we might let the witness finish his statement.

From the time the first Bacon Contract was made we understand it has been the policy of the Department of Agriculture, through the officials of the Meat Board, to see that the producers of hogs receive a fair and just portion of the export price. Also, as each contract was altered or renewed there followed an understanding with the processors, or packing plants, that they would pay at main points, such as Toronto, not less than a certain price. We believe that policy is being continued and that at present the officials consider the price should not be less than $28.50 warm dressed carcass weight, f.o.b. Toronto basis, for grade A hogs, this policy applying to all hogs marketed whether for export or domestic use.

For Consideration, the periods covered by the United Kingdom contracts seem to be as follows:

1. That period during the war and up to August 31, 1947.
2. The period from September 1 to December 31, 1947.
3. The period following January 1, 1948.

1. *That Period During the War and up to August 31, 1947:* In order that the maximum amount of food might be supplied to the United Kingdom and our military forces, it was considered necessary to restrict the consumption of meat in the domestic market. This was accomplished by imposing domestic quotas on all processors. In the domestic market there was thus created a demand greater than the supply available. Under such conditions the price of meat in the domestic market would likely have increased above the export price, but because of the imposition of ceiling prices by the Wartime Prices and Trade Board on both wholesale and retail dealers, the price for domestic consumption was held at a level relative to the export price. This condition continued up to the end of August, 1947. The number of hogs that went into the domestic market for all Canada during this period was approximately 45,000 per week.

Cost of Production (General)

Unfortunately no recent large scale studies have been made of the cost of producing hogs in Ontario—perahps not in Canada. Therefore any current calculations on this subject must be partly estimates, using whatever previous data is available as a guide.

In calculating the cost of producing pork there are two major divisions to consider, viz:

1. Cost of producing the weanling pig.
2. Cost of growing and feeding the weanling pig to market weight.

Cost of Producing the Weanling Pig

The major elements in the cost are, of course, (1) the feed consumed per sow; (2) the number of pigs weaned per litter. Studies indicate that cost of feed might comprise around 70 per cent of the yearly sow maintenance cost, the remaining 30 per cent being accounted for by labour, veterinary expenses, share of overhead on buildings and equipment, etc.

Another approach is to use the current market value for weanling pigs in calculating the cost of producing the market hog, and this is adopted in the cost of production table to follow.

Cost of Growing and Feeding to Market Weight: Feed is the major item of cost in producing the market hog so that the rate of gain per pound of feed fed is the determining factor. The amount of feed required to bring a hog to market weight will vary from farm to farm. All figures in the table that follows are the result of careful investigation and consideration, and are intended to apply to the average Ontario producer.

Estimated Cost of Producing 200-lb. Live Weight Grade "A" Hog, as at January 15, 1947

Weanling pig, 5 to 6 weeks of age—weight 30 lbs.	$ 7.00
From 30 lbs. to 200 lbs. live weight—	
4½ lbs .of concentrate feed to a lb. of gain	
170 lbs. x 4½ = 765 lbs.—average $2.50 cwt.	$ 19.12
Labour—5 hours at 60 cents per hour	3.00
Depreciation on buildings and equipment (estimated investment in buildings and equipment to house and handle 50 hogs)	1.15
Herd losses due to disease	.88
Veterinary fees and medicine	.59
Interest on investment in buildings, equipment, feed, etc.	1.00
Share of general overhead and items such as taxes and insurance chargeable to hog enterprise	.30
	$ 33.04
Gross return at plant—150 lbs. warm dressed weight, Toronto basis, at $22.30.	$ 33.45

May I be permitted to make an explanation at this point? In Mr. Dyde's presentation yesterday afternoon he mentioned that a 200-pound hog would give 155 pounds warm dressed weight and produce 120 pounds of Wiltshire. I am dealing with a 200-pound hog at our barn. The Department of Agriculture, for several years, has supplied scales at a very reasonable cost for the weighing of hogs in the barn in order to get them out at the proper weight of about 200 pounds. This is done to secure the proper grades. I am satisfied Mr. Dyde's figures are for a 200-pound hog shrunk out at the processor's door.

For example, in my own case, our hogs are taken out of the barn at noon on Monday. They are trucked to the station a mile and a half away and turned into the yard with probably 300 or 400 hogs. They are loaded on a car that evening and go 113 miles to the processing plant. Of course, they are shrunk out when they get to the plant. In all my negotiations with the packers and such like, the rule has been to take a 200-pound hog as dressing out at 150 pounds.

Plus Dominion Government Quality Premium for "A" hog............		$ 2.00
Plus Ontario Government Quality Premium for "A" hog.............		1.00
		$ 36.45
Less: Marketing charges (Drover's Commission and Transportation)	.97	
Condemnation Insurance ½ of 1%................	.16	
Cost of producing hog as above.................	33.04	34.17
Net profit to the farmer.....$		2.28

Cost of Producing 200 lb. live weight by Grade Hog

Gross return at plant—150 lbs. warm dressed weight at $21.90........$		32.85
Plus Dominion Government Quality Premium for B1 hog............		1.00
Plus Ontario Government Quality Premium for B1 hog..............		.50
		$ 34.35
Less: Marketing charges.....	.97	
Condemnation Insurance	.16	
Cost of producing hog..	33.04	.... 34.17
Net profit to the farmer......		.18

Average profit=$1.23 per hog

There are just about the same number of B-1 hogs produced as "A".

By Mr. Fleming:

Q. What is the difference?—A. The difference is in the measurements. In order to qualify as an "A" hog, it must not be less than so many inches in length and not more than a certain amount of fat over the shoulders, down the back and over the hip bone.

Q. It is not the quality of the meat, it is just the size of the animal?—A. Not the quality of the meat, no, it is more the sizing to make the ideal Wiltshire side.

NOTE: The average production of hogs do not exceed 50 a year per farm.

2. *The period from September 1 to December 31, 1947:* The latter part of August 1947 domestic quotas were discontinued and thereafter there was no limit as to the amount of meat processors might put on the domestic market. However, on August 27 the packinghouse employees' strike occurred and continued to October 24, a period of a little over eight weeks, during which time marketing of live stock was carried on in a chaotic manner, and likewise the distribution of meat to the consumer.

On September 1 there was an increase of $2.00 per 100 lbs. on Wiltshire sides, making the export price during this period $29.00 per 100 lbs., f.o.b. seaboard. We believe the understood price to the producer was $23.00 per 100 lbs. warm dressed carcass weight, f.o.b. Toronto.

It is our understanding that The Wartime Prices and Trade Board made an increase in the wholesale and retail ceiling price of pork, commensurate with the $2.00 increase in the export price.

The packinghouse employees' strike closed approximately 70 per cent of the hog processing capacity of the province at a time when the heaviest marketings of the year had started. Producers were unable to market their hogs in an orderly manner so as to obtain the desired grading. The longer they were forced to hold the hogs the farther they went off grade and the more feed they required. Thus the loss increased because many hogs could not be marketed at all.

For months, previous to and during the strike period, feed grain was difficult to obtain. In most districts producers were limited to a few hundred pounds at a time. The strike, coupled with the uncertainty as to whether feed grain could be obtained, caused a panicky feeling among producers. The condition in regard to grain supply existed notwithstanding the fact that the records indicated there was no hold back in marketings on the part of the western farmers. It was evident that somewhere between the western grower and the eastern feeder there was a hold back that continued until after ceiling prices were lifted in October.

During the strike period only a few of the smaller export plants were operating and exports dwindled to a minimum. The stock yards at Toronto and all plants operating were flooded with hogs and the Toronto price to the producer, during the week of October 11, broke below $20, or more than $3 below the understood price of $23. Under ordinary conditions, with exporting plants operating, any break in price below the understood price would, we believe, have brought a check-up from the Meat Board officials but things were in a turmoil. It is only fair to say that the few exporting plants that were operating were holding the price at $23 for the hogs they received.

On October 15, through the negotiating committee set up under the powers of our marketing scheme, we were able to negotiate an arrangement with both exporting and domestic packer representatives to maintain "a minimum price of 23 cents, Toronto stock yard basis, to be in effect as long as the emergency arising out of the present strike condition exists". The result was that a few days following the price firmed on the Toronto market to 23 cents. Most of the plants that had been strike-bound resumed operations about October 23 and, notwithstanding, all operated with record slaughterings at the end of the following week. Saturday, November 1, there were 14,000 live hogs in packing plants in Ontario and on the stock yards at Toronto, more than could be taken care of, yet the 23 cents per lb. price held and continued as a minimum price to the end of 1947.

On October 22 the dominion government subsidies of 25 cents per bus. on barley and 10 cents per bus. on oats, and also the ceiling prices on grains, were withdrawn making an open market in domestic grains. Immediately thereafter prices began to increase. On October 21, 1947, barley was costing the eastern farmer about $40 per ton and oats about $44 per ton. On January 15, 1948, prices had advanced to $65 per ton for each. Prepared feeds such as pig starter and pig grower advanced from $2.90 and $2.65 per 100 lbs. on October 21, 1947, to $3.80 and $3.60 respectively on January 15, 1948. This resulted in greatly increased feeding costs to the producer. The feed grain subsidies had operated to hold down the farmer's cost of production which in turn by controls and ceilings had benefited the consumer. The subsidies first became effective on March 18, 1947, and at that time the feed grain price to the grower was increased. The purpose of the subsidies, as we understood it, was to leave the cost of feed grain to feeders at approximately the price level of that date in order that there would be a continuance of the then price ceilings on meat. When the subsidies were removed on October 22 and no corresponding increase in price was given for the producer's product, it left the producer bearing an increase cost of production from October 22 to December 31, commensurate with the subsidies that the government had been paying.

Records indicate that during the period from October 22 to December 31, 1947, approximately 29·8 per cent of the total hogs graded for the year were marketed. All processing plants were operating to capacity. Quotas were off and thus there was no restriction as to the quantity that might be supplied the domestic market. Wholesale and retail ceiling prices on meat were off. In so far as we are aware, the price of meat to the consumer related to the export price by the Wartime Prices and Trade Board carried through to the end of the year, with the export market absorbing the surplus. This is indicated by the fact that the United Kingdom contract called for 265,000,000 lbs., whereas only approximately 250,000,000 lbs. were supplied. Consumption of pork in the domestic market, expressed by hog numbers during the months of October, November and December 1947, was approximately 72,000 per week.

Estimated cost of producing 200 lb. live weight "A" grade hog, as at October 1, 1947

Weanling Pig, 5 to 6 weeks of age—weight 30 lbs.			$ 7.00
From 30 lbs. to 200 lbs. live weight.			
4½ lbs. to concentrate fed to a lb. of grain.			
170 lbs. x 4½	765 lbs. average $2.50 cwt.		19.12
Labour	5 hours @ 60c per hour		3.00
Depreciation on buildings and equipment			1.15
(Estimated investment in buildings and equipment to house and handle 50 hogs)			
Herd losses due to disease			.97
Veterinary fees and medicine			.65
Interest on investment in buildings, equipment, feed, etc.			1.00
Share of general overhead and items such as taxes and insurance chargeable to hog enterprise			.33
			$ 33.22
Gross return at plant—150 lbs. warm dressed weight, Toronto basis @ $22.90			$ 34.35
Plus dominion government quality premium for "A" hog			2.00
Plus Ontario government quality premium for "A" hog			1.00
			$ 37.35
Less: Marketing charges (Drover's commission and transportation)		.97	
Condemnation insurance ½ of 1%		.17	
Cost of producing hog as above		33.22	34.36
	Net profit to the farmer		$ 2.99

Cost of producing 200 lb. live weight Bl grade hog

Gross return at plant—150 lbs. warm dressed weight @ $22.50			$ 33.75
Plus dominion government quality premium for Bl hog			1.00
Plus Ontario government quality premium for Bl hog			.50
			$ 35.25
Less: Marketing charges	.97		
Condemnation insurance	.16		
Cost of producing hog	33.22		34.35
		Net profit to the farmer	.90

Average profit—$1.95 per hog

Estimated cost of producing 200 lb. live weight "A" grade hog, as at November 15, 1947

Weanling Pig, 5 to 6 weeks of age—weight 30 lbs..................		$ 5.00
From 30 lbs. to 200 lbs. live weight		
4½ lbs. of concentrate feed to a lb. of grain		
170 lbs. x 4½	765 lbs. average $3.40 cwt...	26.01
Labour	5 hours @ 60c per hour..	3.00
Depreciation on buildings and equipment		1.15
(Estimated investment in buildings and equipment to house and handle 50 hogs)		
Herd losses due to disease..		.97
Veterinary fees and medicine..		.65
Interest on investment in buildings, equipment, feed, etc.		1.10
Share of general overhead and items such as taxes and insurance chargeable to hog enterprise..		.33
		$ 38.21
Gross return at plant—150 lbs. warm dressed weight, Toronto basis @ $23		$ 34.50
Plus dominion government quality premium for "A" hog...........		2.00
Plus Ontario government quality premium for "A" hog		1.00
		$ 37.50
Less: Marketing charges (drover's commission and transportation)	.97	
Condemnation insurance ½ of 1%	.17	
Cost of producing hog as above..................	38.21	
		39.35
	Net loss to the farmer...$	1.85

Cost of producing 200 lb. live weight Bl grade hog

Gross return at plant—150 lbs. warm dressed weight @ $22.60........		$ 33.90
Plus dominion government quality premium for Bl hog..............		1.00
Plus Ontario government quality premium for Bl hog................		.50
		$ 35.40
Less: Marketing charges	.97	
Condemnation insurance	.17	
Cost of producing hog..	38.21	.... 39.35
	Net loss to the farmer....$	3.95

Average loss=$2.90 per hog.

All through in our costs we have taken the market value of the little pig, the weanling pig. You will notice in the first part of the second estimate of cost, November 15, we have put the market value of the weanling at $5; but the fact of the matter is that that is away below the cost of production, but the market was so all gone to pieces at that time that we felt that while they were selling down as low as $6, and even $4, that $5 would probably be about all they would bring on the average on the market at that time. You could not produce them for that. Had it been put in at a price that would be ample it would be more like $9.

You will also notice there at the end of the page, the net loss to the farmer is $3.95.

3. *The period following January 1, 1948:* Dated Ottawa, January 2, the press carried a report announcing new 1948 food contracts, as follows: "New 1948 food contracts with Britain at prices roughly 15 per cent higher than last year and at substantially reduced volumes". The following price was given: "Bacon from $29 to $36 per hundred weight for grade 'A' No. 1 Wiltshire sides at seaboard—an increase of 7c per lb." "The new bacon contract is for 195,000,000 lbs. against 250,000,000 delivered last year." This report also stated, "Agricultural experts forecast an immediate upward reaction on domestic retail prices in the case of pork and beef, and that the increase in domestic prices of pork products is expected to average around 20 per cent".

The new export contract price raised the level of domestic meat prices. Referring to the Canadian-United Kingdom bacon agreements' table on page 2, it will be seen that the total of all increases from October 1942 to December 31, 1947, (a period of over five years) was $7.25 per 100 lbs. Thus, on January 2, 1948, consumers were evidently asked to take in one shot an increase in price almost as great as all the combined increases for the previous five years.

It is our understanding that the export price of $36 per 100 lbs. of Wiltshire sides, f.o.b. seaboard, was based on the cost of feed grain.

A 200 lb. live weight hog will give approximately 150 lbs. warm dressed carcass weight and from this carcass will be obtained not more than 120 lbs. of Wiltshire sides, 120 lbs. We say there 120 pounds; when that is dressed out it will be only 116 clear pounds, something like that, but when that side has been put in the cure and kept there for six days it will come out back up to the 120 pounds, the same as before. At the increase of 7c per lb. = $8.40, which if paid to the producer on the basis of the 150 lb. carcass = $5.60 per 100 lbs. This amount added to the understood price of $23.00 per 100 lbs. previous to January 1, 1948, makes $28.60, which evidently explains the price of $28.50 which we understand is now considered by the Meat Board officials as a minimum price to the producer, f.o.b. Toronto basis.

This price does not appear to credit the producer with any increase in price for that portion of the carcass that does not go as Wiltshire, nor on hearts, liver, tongue, etc., which are commonly referred to as cuts and credits.

It might be well to state that the understood minimum price of $28.50, f.o.b. Toronto, warm dressed carcass weight, applies to all grade "A" hogs, irrespective of whether the meat is exported or used on the domestic market, and is the foundation price for all hogs of lower grade than "A".

Estimated Cost of Producing 200 lb. Live Weight "A" Grade Hog, as at January 15, 1948

Weanling Pig 5 to 6 weeks of age—30 lbs. ....$	9.00
From 30 lbs. to 200 lbs. live weight	
4½ lbs. of concentrate feed to a lb. of gain	
170 lbs. x 4½........................765 lbs at $3.30 cwt.	25.24
Labour .... 5 hours at 60c per hour....	3.00
Depreciation on buildings and equipment	1.15
(Estimated investment in buildings and equipment to house and handle 50 hogs)	
Herd losses due to disease	.97
Veterinary fees and medicine	.65
Interest on investment in buildings, equipment, feed, etc.	1.10
Share of general overhead and items such as taxes and insurance chargeable to hog enterprise	.33
	$ 41.44

Gross return at the plant—150 lbs. warm dressed weight, Toronto basis at $28.50		$ 42.75
Plus dominion government quality premium for "A" hog		2.00
Plus Ontario government quality premium for "A" hog		1.00
		$ 45.75
Less: Marketing charges (Drover's commission and transportation)	.97	
Condemnation insurance ½ of 1 per cent	.21	
Cost of producing hog as above	41.44	42.62
Net profit to the farmer		$ 3.13

Cost of producing 200 lb. live weight B1 grade hog

Gross return at plant—150 lbs. warm dressed weight at $28.10		$ 42.15
Plus Dominion government quality premium for B1 hog		1.00
Plus Ontario government quality premium for B1 hog		.50
		$ 43.65
Less: Marketing charges	.97	
Condemnation insurance	.21	
Cost of producing hog	41.44	42.62
Net profit to the farmer		$ 1.03

Average profit = $2.08 per hog

Note: In each cost of production table the average profit or loss is shown because more hogs grade B1 than "A".

The average number of hogs graded per week from January 1 to March 20 was 127,004 in comparison to 88,961 for the corresponding weeks of last year—or a total increase for the period of 419,465 hogs (for the whole of Canada).

The United Kingdom contract calls for the delivery of 45,000,000 lbs. of bacon during the first quarter of this year. The Meat Board has taken a total of approximately 97,000,000 lbs. Consumption of pork on the domestic market, expressed in terms of hogs, has been from 43,000 to 53,000 per week.

We have no definite information in regard to wholesale or retail meat prices after January 2, other than indicated by press reports.

Under the present marketing and distribution system, the producer and consumer are far removed from each other. There are many services in between, such as the assembling of hogs in the rural districts, transportation to market, transit insurance, processing costs, cold storage, curing, general insurance, distribution by wholesalers, and distribution by retailers, etc. We believe it is fair to say that any person who performs a worthwhile and necessary service in regard thereto is entitled to a fair and just recompense.

We are primarily concerned with the marketing of hogs from the producer to the processor. Hogs are marketed according to dominion government hog grading regulations. Therefore, it is on the rail in the packing plant after the hog is slaughtered and dressed that the grade is established and the price the producer is to receive is determined. Most hogs go to market on trust as to price.

Therefore, we respectfully suggest:

1. That your committee determine whether the understood price of $28.50, f.o.b. warm dressed carcass weight, Toronto, is a fair and just price.

2. That your committee determine whether the wholesale and retail prices of September, 1947, as arranged by the Wartime Prices and Trade Board and evidently maintained to the end of 1947, were fair and just.

In making these two suggestions we wish definitely to state that we do not wish in any way to reflect on the work of the officials of the Meat Board or the Wartime Prices and Trade Board. On the contrary, we feel they have rendered a good and worthwhile service. For further evidence we quote from a resolution adopted at the annual meeting of our association on March 11: "We recommend that the Meat Board continue to function in peacetime as in time of war." However, often a wartime economy is not satisfactory for peacetime competition and should not be used as a precedent.

3. We suggest it would create confidence in the entire industry if wholesale prices for meat could be published, may we say, bi-monthly.

4. We suggest further that your committee investigate the movement of feed grain from western to eastern Canada. Our producers feel the grain should move with the least possible price spread between the grower in the west and the feeder in the east.

All of which is respectfully submitted.

W. E. TUMMON.

The CHAIRMAN: Thank you very much Mr. Tummon.

By Mr. Fleming:

Q. There are just a few points I would like to clear up, Mr. Tummon. May I ask you to refer to the points with which you conclude your presentation. You ask us to make certain determinations. Would you be prepared to express your opinion as to what the answers should be, for instance, to No. 1? What do you say as to whether the price of $28.50, the understood price, is a fair and just price?—A. A great many of our producers feel it is not.

Q. Why not?—A. That is not quite high enough. There is a point that comes in there which I tried to indicate in the last part of my brief, on page 7, in the fourth and fifth paragraphs. You see when our hog is weighed we are to be paid on that weight; the offal, the tongue, the heart, the kidneys, are all out. There is just the kidneys and the leaf lard, head, feet and tail on. It is just dressed the same as with the ordinary farmer. Now, not one out of five producers today in Ontario even ask what price they are going to receive for their hog when it leaves their farms. Of course, they won't know. As I tried to say, our hogs go on trust. We ship them on trust, and therefore—

Mr. THATCHER: On trust to the packers?

The WITNESS: On trust that we are going to get a fair price. And the number of hogs which go to the packers straight from the producer in comparison to what is on the stockyards in Ontario—I do not think there is one-fifth of the hogs go to the stockyards.

By Mr. Fleming:

Q. Would you care to indicate then what you think the price should be if it were fair and just to the farmer?—A. No, I cannot go that far. I wish I could; because, I will tell you; in coming at that price you must take the price at seaboard. Now, there are shipping charges to seaboard. There is the transportation charge, the icing of the car; there is the initial icing at the plant; there is a cost of the cure of Wiltshire sides. Now, I do not know what these costs are. I can't find out. I would like the committee to.

Then in No. 2, you ask the committee to determine whether the wholesale and retail prices of September, 1947, were fair and just; what is your opinion on that question yourself, Mr. Tummon?—A. I am not going to say that they are not fair and just. I think my last sentence there indicates what was probably of their minds; in the paragraph that follows—"However, often a wartime economy is not satisfactory for peacetime conditions and should not be used

as a precedent." When the Wartime Prices and Trade Board set their prices they tried to put them as just and fair as they possibly could be, but they were setting them on a market that was not strictly free. All prices were up on quotation, and I can imagine that under such conditions, with the amount of meat that a processor can put into the domestic market, the amount of meat the retailer would have to sell in the domestic market, would be limited; I can imagine where the price might have to be a little higher than if they were not getting all they bargained for. Now ,after the 27th of September when they decontrolled prices the whole thing changed. There were no restrictions as to the quantity which went into local or domestic market. There were no restrictions on prices; and the amount of hogs that went into the domestic market increased from approximately 45,000 per week under controls to 72,000 per week during that period. Now I think it is just a point whether these prices which were prepared during a war period should be carried over into peacetime.

Q. I take it then that on No. 2, your answer was not unlike on No. 1, you question whether the price is fair and just but you would not be prepared to indicate by how much they should have been increased to make them fair and just. Is that right?—A. What I am trying to get at in connection with that is that they might have been fair and just in wartime but probably might not be after the war.

Q. What do you mean when you use the expression, "the understood price"?—A. There was no agreement, as I understand, reached with the packers by the officials of the meat board. It was just an understanding between them that they would not pay less at certain points to the producer.

Q. In other words it was just an understanding between the board and the packers?—A. Officials of the meat board.

Q. Officials of the meat board and the packers?—A. Yes.

The CHAIRMAN: As to what would be a fair price and just price?

The WITNESS: A fair and just price, yes. Let me say this: Back in 1946, there were one or two occasions when the price dropped on the Toronto market below the understood price but they were checked up on that.

By Mr. Fleming:

Q. When you use the expression "fair and just price" in suggestions No. 1 and 2, and in the suggestion with which your brief concludes, are you thinking in terms of a price that is fair and just to the farmer or to all interests, including the consumer?—A. I am thinking about what is fair and just to all interests in regard to the production of hogs. The farmer is the one who produces the product. Everything after that is services. Now, I mentioned there that we believe it is fair and just that any person who performs a worthwhile and necessary service in regard thereto is entitled to a fair and just return. I think that is sound. We view that as sound. As producers we are interested in the price the consumer has to pay for our product. With regard to necessary services performed by other people, we believe that such people who perform such services are entitled to fair and just payment for the service they provide.

Q. The producer of hogs has not been taking any great margin of profit on his labour or on his investment. His margins are pretty small. On the figures you gave in some places it was a loss. Is that a fair summary of your position?—A. Oh, yes; it is a common thing, Mr. Fleming, for the people who sell. You see, in arriving at these prices what they apparently do is to take the price of a little pig, the weanling, and add to that the cost of feeding the litter and say that those are our costs. That is not the cost. The cost is estimated as being about $10, or so on a hog. It is not the cost, because the farmer must take his labour and all his operating expenses out of that $10. Now, it is true that in the cost of production he has to pay for certain things.

By Mr. Lesage:

Q. And the $10 would be the gross margin to the farmer?—A. If you don't count anything else. That would have to cover the labour and everything.

Q. Are all the costs included in the labour item?—A. No, they are not.

Mr. IRVINE: You do not add in your costs anything for capital investment?

The WITNESS: We added interest on investment.

Mr. THATCHER: Mr. Tummon, there is one thing strikes me as significant about these figures that Mr. Fleming has just mentioned. According to a report which Mr. Dyde gave us, I presume you agree with it, hog prices on the Toronto market—that is I presume the price paid to the farmer—jumped from $25.75, at the time before the ceiling was removed to $34.75, on January 8, or approximately 35 per cent. Is that correct, or approximately so? They jumped considerably in any event in that period of time.

Mr. LESAGE: What material are you looking at, Mr, Thatcher?

By Mr. Thatcher:

Q. I was referring to Exhibit 94, the per cent of wholesale prices, column 1 shows that the Toronto price was $25.75 and, on January 8, $34.75. In other words, pork prices went up?

Mr. DYDE: I should like to say, on behalf of Mr. Tummon, that these prices are the wholesale prices. They are not the prices to the producer.

Mr. THATCHER: I see.

Mr. DYDE: If you want the price to the producer you have to look at a different page on that exhibit.

Mr. THATCHER: Whether it is to the producer or to the consumer, it is the percentage that hog prices or pork prices went up, and it was approximately 35 per cent.

Mr. DYDE: That is the wholesale price.

By Mr. Thatcher:

Q. Well, the retail price would probably have gone up about the same proportion. In any event, pork prices went up considerably. According to Mr. Tummon's report here, on October 1, that is before the ceilings were removed on hog prices and pork prices and on the feed grains, the farmer made a net profit of $2.99 on his No. 1 hogs and 90 cents on grade B hogs; that is correct according to your figures?—A. Yes.

Q. On October 22, after the ceilings had been removed and for the next three months the farmer, according to your report was losing on hogs $1.85 on grade A and a net loss of $3.95 on grade B hogs?—A. Yes.

Q. You had very heavy losses in that three months' period according to your figures?—A. Earlier in my brief, I mentioned the price of grain—

Q. Well, perhaps I could just develop my questions before you comment on that. Would you say that that period, because the ceilings on feed grains were removed, was a disastrous period so far as the Ontario hog producer was concerned?—A. For hog producers all over the dominion.

Q. It was a disastrous period?—A. Yes, because you understand we were carrying the 25 cents a bushel on barley and the 10 cents on oats which was given—it was really a consumer's subsidy. When it was dropped without any commensurate rise in the price, the producer had to bear that cost to the end of the year.

Q. I understand that. Then, on January 15, after the British Contracts were renewed, I see the profit to the farmer went back to $3.13 for grade A hogs and $1.03 for grade B hogs; is that correct?—A. Yes.

Q. In other words, according to your evidence, the profits which you made in that period were not very much greater than you were making on an average hog before the ceilings were removed?—A. No, that is our contention.

Q. In other words, Mr. Chairman, while the consumer has been hit to the extent of 35 per cent by the increased price, the farmer has not benefited at all from the fact the ceilings were removed?—A. We were just in the same position, relatively, as we were; that is in regard to expenditures and receipts. In regard to what we are making, we are practically in the same position as we were before the ceilings were taken off.

Q. Then, the removal of the price ceilings has actually increased the cost of living, so far as pork is concerned, by about 35 per cent to the consumer but the Ontario hog producers are no better off?—A. That is right. I should not like to say 35 per cent, I do not know.

By the Chairman:

Q. Would you like to see price ceilings continued throughout?—A. I would not care to answer that question.

Q. The only point is, you have just said to Mr. Thatcher that, as a result of the removal, costs went up. It seems to me a perfectly logical question, then, to ask whether that being the case, do you want the price control system to continue?—A. Well, I presume that the Wartime—

Q. The producer would not agree? He would not want to continue that, would he?—A. No, I do not think he would.

By Mr. Thatcher:

Q. You have not benefited by its being taken off?—A. No.

Q. And the consumer has been hurt?—A. We are relatively in the same position.

By Mr. Mayhew:

Q. On page 4 of your brief you show an average profit of $1.23 for hogs, that is on January 15, 1947?—A. Yes.

Q. On page 7 of your brief you show that on January 1, 1948, you made an average profit of $2.08 per hog?—A. Yes.

Q. So, you did receive some benefit although not a great benefit?—A. No, I would draw your attention to the cost of production on October 1, 1947.

Mr. Thatcher: That is not a fair comparison. Page 6 should be the basis of camparison.

By Mr. Dyde:

Q. Why is it not a fair comparison to compare this year with last year—I am asking you, Mr. Tummon?—A. Because, in the first place, on the 1st of September, 1947, there was a $2 increase in the export price, bringing the export price up from $27 to $29. For the months previous to the 1st of October or to the 22nd of October, the question of grain was just up and down. They were only buying grain a couple of hundred pounds at a time. You could not get grain. It was fluctuating all the time.

Q. I do not think you have quite answered Mr. Mayhew's question. Why is it not fair for us to compare your position in January, 1947, with the position in January, 1948?—A. Well, provided you take everything into consideration.

Q. You have taken everything into consideration, have you not, in making your statement?—A. No, I could take that statement on the cost of production of hogs and I could increase it a good deal.

Q. Then, is your statement not correct?—A. No, I want to be on the fair side. As I told you, there has been no study made on the production of hogs. We have to use the best available data, and we have used it. We have tried to follow it through and be consistent, to be on the safe side.

Q. You have used the best available data in arriving at the comparison between January, 1947, and January, 1948; am I not correct—A. Yes, perhaps that is right.

By the Chairman:

Q. That must be the case in view of your former statement?—A. According to what we use it follows fairly closely.

Mr. LESAGE: It does not mean we feel your profit in January, 1947, was sufficient, it is only a question of comparison.

Mr. THATCHER: Mr. Chairman, would it not be fairer to take the chart Mr. Tummon has prepared for the period immediately prior to the time price ceilings were taken off?

Mr. LESAGE: Why?

Mr. THATCHER: Because that was the cost of producing a hog before the ceilings were taken off.

Mr. LESAGE: Why not take January, 1947?

Mr. THATCHER: Because, in order to see whether or not the farmer has improved his position, you have to take the period before the ceilings were taken off and compare it with the period after the ceilings were removed.

Mr. MAYHEW: Surely, you want to be fair and say, "Well, this was before the new contract with Great Britain, which really regulates the price, had been entered into."

Mr. THATCHER: The cost of labour, for instance, between October and January could have jumped.

Mr. MAYHEW: You want to base your argument on a month or two.

Mr. THATCHER: The month before ceilings were taken off, that is a fair comparison.

Mr. MAYHEW: No, that is a condition which held for only a short period, rather than for a long and settled period.

Mr. LESAGE: As a matter of fact, Mr. Mayhew, the price of $27 was in force from January 11, 1947, to September 1, 1947, a period of nine months, while the price of $29 was in force from September 1, 1947, to January 1, 1948.

Mr. THATCHER: So far as the removal of ceilings is concerned, October 1, would be the relevant date.

Mr. LESAGE: Your example is good for only a month or so.

Mr. THATCHER: It is the month preceding the time when ceilings were taken off.

Mr. IRVINE: That is something that could be argued later. I think we ought to proceed with the examination of the witness.

The CHAIRMAN: Yes.

By Mr. Dyde:

Q. Would you be good enough to look at your brief. If possible, I shall refer not to the page numbers in your brief, because, you understand, when it is printed in the evidence there will be different page numbers attached to it. I shall try to refer to the paragraph numbers instead. Would you turn first to the parapgraph headed, "Markets", in the early part of your brief. I see a statement in which you say, refering to markets, "Of the two the domestic

market is the one we are sure of, providing it is not abused." Would you be good enough to give the committee an elaboration on the meaning of that phrase, "providing it is not abused"? What do you mean by that?—A. As stated in the brief, the domestic market is the one in which we, as producers, are much interested. This market demands as good a quality as the British market. Personally, I and our association, have been somewhat worried over a condition which exists at the present time. During the war, there were contracts for canned meat, hog casings and such like which do not exist now. We understand, of course, that conditions are different now and rather difficult.

The $2 increase which was given on the 1st of September, 1947, if you will recall, was given by the British Food Ministry for the purpose of increasing volume. Shortly after that $2 came into effect, we did not know whether they were going to take anything or not and the increased volume was coming on. That accounts for the increase in the production of hogs from 88,000 per week a year ago to 120,000 now; that is a big increase. Instead of the meat board taking 45,000,000 pounds, they have already taken, up to the 20th of March, 97,000,000 pounds.

Now, back on the domestic market remains the heads, hocks, heart, liver, tongues and so on of not only the 43/53,000 hogs consumed on the domestic market, but from the hogs which are exported. I do not know what the answer is.

Q. Is that what you mean when you say, "provided the domestic market is not abused"? I should like you, if you can, to be even more specific than you have been and tell the committee what you mean by abuse of the domestic market. Is it this business of having all these offals on the domestic market when the Wiltshire side is going to the United Kingdom; is that an abuse of the domestic market?—A. Well, it is not using the domestic market quite fairly.

Q. In what way?—A. It is good meat, and everything like that, but I think the percentage of that—I would much prefer to see the percentage of that in comparison to the body meat of the animal a little more even.

By Mr. Irvine:

Q. Would that apply to selects as well, all selects would go overseas?—A. Practically all go overseas. Some of those that are bruised will not make good Wiltshires.

By Mr. Dyde:

Q. You are not suggesting the United Kingdom contract is not favourable, are you?—A. No, we are very glad we have it.

Q. How could you avoid the abuse? Perhaps you cannot avoid certain abuses; is that what you mean?—A. That is what I mean.

Q. The abuses are those of which you spoke, namely, having an excess of that which remains when you take out the Wiltshire side?—A. Yes, that and it is just possible our domestic market may not be getting any of the A's and a good many of the B's are going as Wiltshires, so that our domestic market may not be getting as much of the top grade.

Q. Would you agree with me, I am expressing an opinion at the minute, that in the long run, for the hog producers of this country, the domestic market is more important than the U.K. market?—A. I do not think there is any doubt about that. The domestic market is always the market we are sure of.

By Mr. Mayhew:

Q. It is not getting the volume?—A. It is not getting the volume.

By Mr. Dyde:

Q. You are really expressing apprehension that, in some way or other, the domestic market will be abused and that, after all is the very long term steady

market. You do not want it abused?—A. That is pretty much it. Ever since the war the domestic market has been a hungry market. Naturally, it had to be, I suppose.

Q. Now will you turn with me to a slightly later paragraph in your brief under the same heading. I am referring to the paragraph which commences, "From the time the first bacon contract was made—". Mr. Fleming has already asked you one or two questions about the understanding that the processors or packing plants have as to the price to be paid to the producer. Would you follow that a little further, Mr. Tummon? How is that understanding arrived at? Is there any directive or anything in writing?—A. Not that I know of.

Q. How does it come about that the packing plant knows what to pay the producer?—A. I wish I knew.

Q. Does the news just get around?—A. I think it is an understanding, in good faith, between the officials of the meat board and the packing plants.

Mr. THATCHER: Is that not against the law?

The CHAIRMAN: No.

Mr. THATCHER: I thought two packing plants could not get together to set prices?

The CHAIRMAN: It all depends on the intention. If they give a price which is fair and reasonable it is not.

Mr. THATCHER: I thought it was against the Combines Investigation Act?

The CHAIRMAN: Not if they agree to give a fair price.

Mr. DYDE: My question referred to agreement between the meat board and any packing plant, which does not come within the scope of the Combines Investigation Act.

By Mr. Mayhew:

Q. Is it not set on the British contract price?—A. Yes.

By Mr. Dyde:

Q. I agree, but coming back from the British contract, if there were an understanding of some kind, you would be at the mercy of the packer; he might not pay you that price. What is it that is inducing the packer to pay you the price you are getting?—A. He knows if he does not pay that price or something over that price, if he pays below that price, he will be checked up by the officials of the meat board. That is not every packer; considering Ontario, I think it is simply a case of a price f.o.b. Toronto which is agreed upon, or understood.

By Mr. Lesage:

Q. Is it to a certain extent covered by the laws of supply and demand? In other words, is it a market price?—A. It could go above that price. They could pay above that price.

By Mr. Dyde:

Q. Have they paid above that price?—A. Yes.

By Mr. Mayhew:

Q. On the Toronto markets, do the packers not bid for cattle, hogs and sheep?—A. Yes, but the number of hogs which go to the Toronto market is rather small.

By Mr. Dyde:

Q. Have the packers paid below that price?—A. No, not that I know of.

Mr. Lesage: The prices vary. For instance, on the Montreal market each day—I do not know whether I am right, but if I am not you will correct me—I remember hearing over the radio at one o'clock the market report and hog prices seemed to vary. They will be $28.50 and $28.75, and the following day they will vary again.

Mr. Dyde: Just in explanation of that point, let me read to you an article from the local press today. This is a report of the market in Montreal.

> Hogs were slow to start. Packers were bidding 28·75 for grade A and salesmen were asking 29. On Monday, about 50 per cent of the hogs were sold at 28·75 and 29 for grade A. On Tuesday, with a carry over of around 500 hogs, sales were made at 28·75 with a few lots at 29. Sows ranged from 19 to 20 dressed.

There is play there, is there not?

Mr. Thatcher: Just on this line—

Mr. Lesage: I should like the witness to answer that.

Mr. Dyde: I think I am entitled to have an answer from the witness.

The Witness: What is the question?

By Mr. Dyde:

Q. There is a play in the prices on the market?—A. Yes, but if you will read my brief closely you will find when I am treating with that—quoting from the brief,

> From the time the first bacon contract was made we understand it has been the policy of the Department of Agriculture, through the officials of the meat board, to see that the producers of hogs receive a fair and just portion of the export price.

We believe that policy is being continued, that is, their policy of an understanding with the producers that they would pay at main points, such as Toronto, not less than a certain price. The price of which I am speaking is the minimum price; they can pay anything above that.

Q. We are just trying to get information from you, Mr. Tummon. I wanted to be sure I understood what you were saying in that paragraph; that was my only purpose.—A. That is just the minimum price.

Mr. Thatcher: May I interject a question here? Are you finished with this one point, now, Mr. Dyde?

Mr. Dyde: Yes.

Mr. Thatcher: I believe you made a statement, Mr. Dyde, that if, we will say, the price of hogs on the Toronto market was $20 and Canada Packers and Swift's who control a big portion of the produce in this country were to say, "We will only pay $19 and we will not bid against each other on the market," that would not be contrary to law?

Mr. Dyde: I do not think I made that statement.

Mr. Thatcher: Perhaps you did not, but I should like an expression of opinion.

Mr. Dyde: I do not think it is germane to what we are discussing at the moment. I shall be glad to have a discussion with you about that at some time when it does not have to go on the record.

Mr. Thatcher: I thought you were discussing that.

Mr. Dyde: No, I was discussing the meaning of that paragraph and trying to ascertain from the witness, who is a very knowledgeable gentleman, exactly what he meant by that expression.

Mr. Thatcher: All right.

Mr. DYDE: I am not quite certain yet, Mr. Tummon, about this understood price. Does someone say to someone else, "Now, gentlemen, when you go out on the market, don't you pay more to the producer than so and so and don't you pay less"?

The WITNESS: What I think happens is—we will say the price was $23. There is an increase of 7 cents a pound and that makes a total of $8.40 to you on the complete carcass of 150 pounds—no, that is a total of $8.40 on the Wiltshires rather, of 120 pounds. Just let me correct that, that is $8.40 on the 120 pounds of Wiltshire which comes out of that 200 pound hog. However, I am being paid on the basis of 150 pound carcass and therefore that amounts to $5.60.

By Mr. Mayhew:

Q. Including the heart, hocks and so on?—A. Yes. We take the $5.60 and add it to the $23 and it makes $28.60. I think, probably, the meat board says to the packers, "About $28.50 ought to be the right price"; that is about what is said. They know what it means.

By Mr. Dyde:

Q. You know this because I think you are a member of the meat board, are you not?—A. Yes I am.

Q. So you could tell us exactly what the packers are told, could you not? —A. No, I am only called in on the meat board once a month. I have only attended six or seven meetings and I am not an official of the meat board. Those things are handled by the officials.

By The Chairman:

Q. You are the producers' representative?—A. I am.

Mr. THATCHER: The meat board has nothing to do with the packers so far as setting prices is concerned?

The CHAIRMAN: Oh yes.

By Mr. Mayhew:

Q. You do ask some questions when you go to the meetings of the meat board?—A. Yes. I think what the officials of the meat board are doing is a protection to the producer. I think that the department, in following it up to see that the producer gets a fair price, is following a policy which is right but, as producers, we have no knowledge of how that is arrived at.

The CHAIRMAN: Well, the meeting is adjourned until Monday morning.

By Mr. Lesage:

Q. On this point, I just have one question. It may be correct to say that the meat board does not indicate, officially, to the packers what the price shall be, but could it not be said that the packers are afraid the meat board could do that and could see that the producer gets the right price?—A. You will understand, in Montreal and in Toronto, it is not simply the exporting packers with whom we are concerned. There are hundreds of small domestic packers.

Q. Then, it would be competition that would fix the price?—A. Yes.

Q. And not the board?—A. And the danger of the price being broken to the producer, if I may say, this is not so much from the export packers as the domestic man.

Mr. IRVINE: Will we have Mr. Tummon back on Monday?

The CHAIRMAN: Yes.

The meeting adjourned until Monday, April 19, 1948, at 11 a.m.

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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 40

MONDAY, APRIL 19, 1948

WITNESSES:

Mr. W. E. Tummon, Secretary-Treasurer, Ontario Hog Producers' Association and Secretary-Treasurer, Ontario Hog Producers' Marketing Board, Foxboro, Ont.

Mr. S. A. Brown, President, Ontario Beef Producers' Association, Shedden, Ont.

Mr. E. M. Bateman, Secretary-Treasurer, Ontario Beef Producers' Association, Mount Brydges, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

MINUTES OF PROCEEDINGS

MONDAY, APRIL 19, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Irvine, Johnston, Lesage, Martin, Mayhew, McCubbin, Thatcher, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. W. E. Tummon, Secretary-Treasurer, Ontario Hog Producers' Association, and Secretary-Treasurer, Ontario Hog Producers' Marketing Board, Foxboro, Ont., was recalled and further examined.

Witness discharged.

Mr. S. A. Brown, President, Ontario Beef Producers' Association, Shedden, Ont., and Mr. E. M. Bateman, Secretary-Treasurer, Mount Brydges, Ont., were called, sworn and examined.

At 1.00 p.m., witnesses retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Harkness, Irvine, Johnston, Lesage, Martin, Maybank, Mayhew, McCubbin, Thatcher, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee in attendance.

Messrs. Brown and Bateman were recalled and further examined.

At 5.35 p.m. witnesses discharged and the Committee adjourned until Tuesday, April 20, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

10758—1½

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
April 19, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will come to order. I must compliment the committee upon being so punctual on a Monday morning and I trust that the example which you gentlemen have set for yourselves will be pursued relentlessly throughout this week.

Mr. FLEMING: We are trying to set an example for the chairman.

Mr. IRVINE: Before you proceed with the calling of witnesses there is a matter to which I would like to draw the attention of the committee. I preface my remarks by saying that one of the objects which parliament thought would be served by this committee was that the very fact we were investigating might have some influence on people who set prices too high.

The CHAIRMAN: Yes.

Mr. IRVINE: I have information here that in the Dawson Creek district, for example, and that is not an isolated point—

The CHAIRMAN: Where is Dawson Creek?

Mr. IRVINE: In British Columbia, bordering on Alberta and the Peace River. The price of gasoline during the winter months has been greatly increased and I will quote some of the increases: there has been an increase of $4\frac{1}{2}$ cents a gallon on X-Esso; $4\frac{1}{2}$ cents a gallon on Esso; $7\frac{3}{16}$ cents on Acto; $4\frac{3}{4}$ cents on distillate, and 7·2 cents on diesel fuel—winter. Those are very marked increases and they will have a marked effect on the agricultural production in the coming season. The increases are all the more difficult to understand in the face of the fact that the increase in production of fuel oil in the west has been very great. I am, therefore, going to move, sir, that this committee recommend to the steering committee that consideration be given to the matter of making an investigation into the price of fuel oil.

The CHAIRMAN: I thought we had already dealt with that matter?

Mr. FLEMING: Yes, we dealt with it some weeks ago.

The CHAIRMAN: I remember that Mr. Manross addressed the committee on the subject. However, I think we may regard your suggestion this morning as being of a supplementary nature and it is not at all out of order.

Mr. IRVINE: I do not recollect the suggestion being brought forward before.

Mr. FLEMING: Yes, I think it was about a month ago that it was discussed. We had all received letters about the increased price of gasoline and fuel oil and Mr. Manross, the member for London, appeared before the committee and asked the committee to conduct an investigation into those prices.

Mr. THATCHER: Was not Mr. Manross dealing with the subject of oil for heating?

Mr. FLEMING: He dealt with both gasoline and oil and the committee, in executive session, did put the matter on the agenda.

Mr. IRVINE: The whole matter has escaped me and I do not recall it.

The CHAIRMAN: I have given the executive instructions and they are working on the matter of gasoline and oil, together with other things.

Mr. IRVINE: That is all right.

Mr. THATCHER: Just before we proceed with the witnesses, Mr. Chairman, you were going to deal with the matter of nails?

The CHAIRMAN: My following remarks are not due to the fact that Mr. Irvine has brought the matter of gasoline and oil before us this morning, but you will remember that with regard to items which have not been discussed previously, before they are received in the full committee they should be brought to the attention of the steering committee. If that procedure is not followed I think it will result in a certain amount of disorderliness. I would suggest the decision which the committee made at one of its earlier meetings should be adhered to, and if any member feels there is a matter which should be discussed, before raising it in the committee it will be first brought to the attention of the steering committee. I can understand how there will be special occasions when the rule cannot be observed but if these matters are brought to the attention of the steering committee first, I feel that our procedure can be more orderly.

Mr. FLEMING: I think the rule which you have reiterated should be brought to the attention of any others who are presiding over our meetings in your absence. I raised the point last week but the presiding member did not uphold the rule.

The CHAIRMAN: It is the rule, but you will remember that I unsuccessfully stopped you one day. The rule was in existence but it was unsuccessful intervention on my part with respect to you, Mr. Fleming. I think that I will have to be a little more severe in the future but I know that the members of the committee will co-operate with me.

William Ernest Tummon, Secretary Treasurer, Ontario Hog Producers' Association, and Secretary Treasurer of the Ontario Hog Producers' Marketing Board, Foxboro, Ontario, recalled.

Mr. DYDE: Mr. Tummon, I would be glad if you would refer again, in dealing with your brief, to the price of grade A hogs at Toronto. The figure is given at the top of page 3 as it is numbered in your numbering, and there is a small point there which I wish to confirm. You refer to $28.50 as the price which you considered to be the fair price for grade A hogs f.o.b. Toronto. I have had some question directed to me, outside of the committee, as to the accuracy of a figure on the eighth page of exhibit 94. You there gave to the committee the figure of $28.10 as the monthly average price per hundred weight for grade B-1 dressed hogs at Toronto, at January 1948. You mentioned $28.50 for grade A hogs and I wish to know whether the figure $28.10 which you have on exhibit 94—

Mr. IRVINE: Which page?

By Mr. Dyde:

Q. The eighth page, the last page. Are those two figures in conformity?—A. That is $28.10 for grade B-1.

Q. Yes, and $28.50 for grade A?—A. I have always understood grade B-1 is 40 cents per hundred weight less than grade A.

Q. So the quotation which we have on our exhibit is in conformity with your understanding?—A. It is.

Q. And if hogs are selling at $28.50 for grade A, they would normally sell at $28.10 for grade B-1?—A. Yes.

Q. Now would you turn to the next page of your brief where you are referring to costs, and I want to call your attention particularly, for a purpose which will become apparent later, to the item 'condemnation insurance' which you include in your costs of producing a hog. You say in your tables that condemnation insurance is at the rate of $\frac{1}{2}$ of 1 per cent. Has that rate varied over a period of years?—A. Not that I can recollect.

Q. And your recollection goes back a good many years does it not?—A. Quite a long time, yes.

Q. Would you say that rate has remained stationary for ten or fifteen years?—A. I would not want to say anything definite beyond the time that the grading of hogs changed. I believe condemnation insurance was collected for perhaps twenty-five or thirty years up until 1939 or 1940—1939 I think—when hogs were sold on a live weight basis. At that time the drovers bought the hogs at the point of delivery for so much a pound live weight. I understand that condemnation insurance was collected at that time but the producers did not know anything about it. The drover paid the condemnation insurance. When hogs were purchased by rail grade and payment for the hogs began to come back directly to the producers from the processors, the item of condemnation insurance at the rate of $\frac{1}{2}$ of 1 per cent was reflected and that was the first the producers knew about it.

Mr. JOHNSTON: Is that compulsory insurance or is it optional?

The WITNESS: I understand if the producer objects to paying it the processor cannot collect it.

By Mr. Dyde:

Q. As a matter of fact is it usually paid?—A. I do not know of any instance where it is not paid.

Q. And the packer collects it?—A. Yes.

Q. Have you ever had any accounting from a packer on condemnation insurance?—A. No, I have not.

Q. Or of the fund which the insurance comprises?

The CHAIRMAN: Just a moment, I would like to understand a little more clearly. Who pays this insurance?

The WITNESS: We pay it as a premium for condemnation insurance.

By Mr. Dyde:

Q. And the packer collects it?—A. Yes.

Q. The packer carries the insurance?—A. Yes.

The CHAIRMAN: If the packer collects it and carries it why should the producer pay for it?

By Mr. Dyde:

Q. Would you explain to the committee, Mr. Tummon? Perhaps I have gone too rapidly over this matter and would you explain to the committee what condemnation covers?—A. Condemnation insurance covers payment for hogs that are condemned by the dominion government inspectors as unfit for human consumption under—I think it is the Canned Foods Act.

Mr. JOHNSTON: How much has been collected?

The WITNESS: Well, one half of 1 per cent, and on the Health of Animals Division Report for the last year—that is for the fiscal year ending 1947—

Mr. DYDE: You might make it clear, Mr. Tummon, that the result of this insurance is that when you have paid insurance for an animal which is condemned the producer gets paid in full?

Mr. IRVINE: You interrupted an answer there, Mr. Dyde, and I would like to have it completed.

Mr. DYDE: I am sorry.

The WITNESS: The report of the Health of Animals Branch covers the government fiscal year. When I mentioned the number of hogs produced in 1947 the figure given was for the calendar year. The Health of Animals Branch reports 3,991,490 hog carcasses examined in the dominion and out of that number the report shows that 11,385 were condemned.

By Mr. Johnston:

Q. What do they do with a carcass when it is condemned?—A. I presume it goes into the tank.

Q. What do you mean by that?—A. Well it is used for fertilizer or something like that.

By Mr. Irvine:

Q. Would you give us the first figure again?—A. 3,991,490 hogs.

Q. And the second figure was—?—A. 11,385.

Q. And the charge is half a cent a pound?—A. ½ of 1 per cent of the value of the hog. If a hog was worth $40 there would be 20 cents condemnation insurance collected.

By Mr. Fleming:

Q. For what year were those figures which you have just given, Mr. Tummon?—A. Those figures are for the fiscal year ending March 31, 1947.

Q. Is the rate of insurance adjusted in the light of experience with condemnations of hogs year by year?—A. Might I explain that in connection with our marketing scheme in the province of Ontario, a copy of which you have with the brief, provision is made for the setting up of a negotiating committee. It is on page 2.

> There shall be a committee of ten persons to be known as the negotiating committee, five of whom shall be subject to the approval of the board, be appointed annually by the local board, and five of whom shall be appointed annually by the licensed processors.

That is for five producers and five processors. On that negotiating committee —I happen to be a member—we have had the matter of condemnation insurance up. As producers we feel more is being collected than what is being paid out but as far as we can find out there is no accounting kept of the moneys that are collected from the producer.

By Mr. Johnston:

Q. On what would you base that opinion, that there is more collected than paid out?

The CHAIRMAN: Finish your answer first.

The WITNESS: In fact, we were told by the representatives of the processors they could not give us any accounting of what money had been collected.

By The Chairman:

Q. Told you that when?—A. Not more than a year ago. We asked them at that time. We thought it was time we began to keep an accounting to find out what the situation was. I do not think the processors can give any accounting of what money they have collected. I do not think it is kept separate at all.

By Mr. Thatcher:

Q. Did I understand the witness to say his producers' association feels more goes into that fund than comes out?—A. Yes.

By Mr. Fleming:

Q. Will you make this clear? Is there a policy of insurance actually written? Is it insurance in fact or is it just a case of a levy taken by the packer?

The CHAIRMAN: A floating charge.

Mr. FLEMING: In other words, is there an insurance company entering into this or is it a matter between the producer and the packer?

Mr. DYDE: He said it was the packer who carried it.

Mr. FLEMING: He said the packer carried the insurance, but he might carry it himself or he might have done it through a company. I should like to know definitely if there is any insurance company involved in this or if it is simply a matter to which the packer and producer alone are parties.

The WITNESS: There is no company involved. I know that. I think a good many years ago when the question of condemnation came up first under the health of animals that there was a conference. I do not know who proposed it, perhaps the representatives of the swine breeders association or some others. I think perhaps it was just an agreement that came to be understood at the time for one-half of one per cent. I think probably it was felt that if that was collected probably it would be a fair amount to cover any loss, and that the processors would carry it. I think it has gone on from that. There has been no written agreement that I know of.

By The Chairman:

Q. Whether or not there is any insurance company the fact is that moneys have been paid in by the producers for which you have been given no accounting in spite of requests.—A. That is right.

By Mr. Johnston:

Q. Have the packers said to you as one of the producers that they keep no separate accounting of this?—A. Under our scheme the negotiating committee brought the matter up, and it has been a live question with our organization, with the members of our organization. When we brought the matter up the representatives of the processors told us they did not know how much had been collected, and gave us to understand, as I recall it, that they had no accounting of the moneys that had been collected or paid out.

Q. Would the producers not complain bitterly against that, where money is being collected from them and no accounting kept?—A. Yes, it is a live question all the time.

The CHAIRMAN: He has said so.

Mr. THATCHER: Would it not be a matter of simple arithmetic, multiply the number of hogs the packers take in by 16 cents or whatever the charge is.

The CHAIRMAN: It might be, but that is the fact. I think counsel has other intentions in this regard.

Mr. DYDE: I find it difficult to see that this witness can answer completely as to what the packer does. He can simply say it has been a live question with the producer. He gives his side of the story. I think we may have to follow it further.

Mr. WINTERS: Do all packers treat it the same way?

The WITNESS: I think I may say this that in addition to the number of hogs condemned there probably would be parts, maybe livers or offal condemned also. In fact, I think my recollection is the processors mentioned that, but they could not even give any reckoning of that.

By Mr. Winters:

Q. Do all packers treat this condemnation insurance the same way and charge on the same basis for it?—A. I believe so.

By Mr. Mayhew:

Q. If you turn in a shipment of hogs to the processors they give you an invoice for it. Does that invoice show what has been deducted for condemnation insurance?—A. Yes.

By Mr. Winters:

Q. When you said you believed in answer to my question do you have any direct knowledge of the way the packers handle this situation?—A. Well, it is an item that is shown on the grading statement but—

By Mr. Mayhew:

Q. It does not show anything there, that he has deducted anything on that invoice?—A. No. There is nothing carried out on that. All it shows is condemnation insurance one half of one per cent as per terms of sale.

Q. This is a sale, and he has not made any deduction here?—A. No. That is leaf No. 4.

By Mr. Winters:

Q. Who is that sale to?—A. I do not know as the sale is to any person.

Q. Whose invoice is it?—A. That is really an advance register they sign. It is just sheet 4. The top sheet is No. 1, 2, 3 and 4. This is 4, and the figures are not carried out on this.

Q. Do you have direct knowledge as to how many packers charge for this insurance?—A. Oh no, that is why I qualified my statement a moment ago.

Q. You know some of them do but you do not know that some do not?—A. No.

By Mr. Dyde:

Q. You know of your own knowledge as a hog producer and a man who ships hogs that this condemnation insurance is deducted?—A. I do.

Q. From the amount of money you get?—A. Yes.

Mr. MAYHEW: By some processors.

By Mr. Dyde:

Q. By the processors to whom you sell?—A. Yes.

Mr. WINTERS: He says he does not know whether it is done by all.

The CHAIRMAN: I thought he said he knew it was pretty general.

Mr. WINTERS: He said he did not know.

The CHAIRMAN: In answer to your first question my recollection is the evidence he gave—I forget the exact answer but it was sufficiently comprehensive to include all packers.

By Mr. Irvine:

Q. Do you know of any cases in which it was not charged?—A. No, but I qualified my statement because I cannot vouch for what the packers do in Edmonton, or Calgary.

Mr. WINTERS: I asked the witness if he knew whether all packers charged it and he said no.

The CHAIRMAN: His answer is he does not know of any who do not.

Mr. FLEMING: That is not a very satisfactory way to leave it.

The CHAIRMAN: That is the only way he can leave it.

Mr. FLEMING: Perhaps the best way to do is to ask the witness what companies he knows are doing it.

Mr. WINTERS: I asked him that and did not get an answer.

The WITNESS: As far as I know all companies in the province of Ontario, where there are inspectors in the plants, are doing it.

Mr. FLEMING: That is Ontario.

Mr. DYDE: I do not want to leave it just that way because that is what Mr. Tummon can say. For the information of the committee I have already informed packers who will appear before the committee they will be invited to give information about the condemnation insurance fund. Those who are coming before the committee have all intimated to me they will bring information about it.

Mr. FLEMING: Mr. Chairman, there is one point. Probably it is more for Mr. Dyde than for the witness. If the witness has some information on this I will be glad to have it. If not perhaps Mr. Dyde already has it in mind to get it from another source. I should like to know what the trend in numbers has been in regard to condemnation. The figures Mr. Tummon has given us have been for the fiscal year ended March 31, 1947. I should like to know about the trend over a period of years, and in the second place what the trend has been in payment per hog. I presume as the price of pork has risen the amount paid out per hog has risen. Is that right?

Mr. DYDE: I think it is of sufficient importance for me to put on the record now information which I think Mr. Tummon can verify which will give you figures on condemnations. I am not sure I can relate that in all cases to price because it goes back for ten or twelve years, but I certainly can give you figures on condemnations.

By Mr. Dyde:

Q. Mr. Tummon, you are familiar with the report of the veterinary director general of the Department of Agriculture, are you not?—A. I have seen it, yes.

Q. And in that report there is a report every year as to carcasses condemned in Canada?—A. Yes.

Q. And the figure you gave a few minutes ago for swine was 11,388?—A. Yes.

Q. And I see on page 36 of the 1947 report that this report shows there were 11,388 carcasses condemned, and that the percentage of condemnation was 0·28. Do you see that figure?—A. Yes. My recollection is it has never gone above that.

Mr. DYDE: I can put on the record now from the report of the veterinary director general the percentages of the condemnations to the total animals killed in Canada. For the year 1946-47 the percentage was 0·28; for the year 1945-46 the percentage was 0·28; 1944-45, 0·27; 1943-44, 0·23; 1942-43, 0·22; 1941-42, 0·22; 1940-41, 0·23; 1939-40, 0·22; 1938-39, 0·22; 1937-38, 0·28.

Mr. FLEMING: Is that swine only?

Mr. DYDE: That is swine only.

Mr. JOHNSTON: I should like to ask a question. Probably this is a matter for Mr. Dyde rather than the witness, too. Would it not be true that when the processors charge ½ of 1 per cent for these condemnations they get the hog for

that amount, and then if it is put in the tank and afterwards sold as fertilizer they make a substantial profit on that. Should the amounts which they receive for these condemned carcasses not be included in your accounting of this insurance fund?

Mr. Dyde: I do not want to put a wrong answer on the record because I am not certain myself of the answer to that.

The Chairman: Maybe the witness knows.

Mr. Johnston: Maybe the witness can tell us that.

The Witness: What is the question?

Mr. Johnston: I was pointing out that while the processors charge ½ of 1 per cent for the insurance fund the processors practically get the carcass for that insurance, that is, 20 cents apiece. Then you indicated a moment ago that those condemned carcasses were put in the tank and probably used as fertilizer. They would make a substantial return from the sale of that fertilizer. I am suggesting that in the accounting of this insurance fund there should be an accounting also made of the profit which is made on these condemned carcasses when they are sold as fertilizer or whatever way in which they are disposed. Would you know anything about that?

The Witness: No. I cannot just see the first part of your question, where the processor gets the carcass for the premium.

By Mr. Johnston:

Q. The amount is paid out of the insurance fund so therefore it does not cost him anything?—A. But he has already collected that to pay it out and he collects the premium on the condemned hog, too.

Q. He collects the premium on the condemned hog and he also collects the premium of those that are not condemned?—A. Yes.

Q. So therefore he has a fund set aside, or should have to pay the producer for these carcasses.

Mr. Dyde: That is right. I can say that is correct.

Mr. Johnston: Then he gets the carcass for nothing because it is paid for out of the fund to which he never contributed. Then he turns around and sells that carcass as fertilizer, or whatever it may be. Therefore that amount should go to build up the fund as well.

Mr. McCubbin: I think it is very unfair to question Mr. Tummon along this line. This is a live question amongst the producers, this matter of condemnation insurance, whether it is right or wrong, whether it is too much or too little. I think we should have somebody from the Health of Animals Branch explain it to us. It is information we want. I do not think Mr. Tummon is the right man to question on this matter.

The Chairman: Is it not a matter of getting from the witness the hog producer's point of view?

Mr. McCubbin: He has given that.

Mr. Irvine: They know they pay it.

Mr. McCubbin: They know they pay it, and it is a live question. We had better get the right answer.

Mr. Johnston: When I asked that question it was directed primarily to counsel. When he is examining into the matter further he can take that point into consideration.

Mr. Fleming: There is one point for my own information. Perhaps Mr. Dyde or Mr. Tummon can clear it up. I assume that condemnation insurance is not confined to hogs alone. Is it the practice of the packers to mingle the con-

demnation insurance premium collected from hogs with that collected from cattle, or has it been their practice to segregate or charge a different rate with respect to different kinds of animals?

The WITNESS: If I am to answer that—

By the Chairman:

Q. Can you answer it?—A. I cannot answer it in regard to beef because when I sell an animal for beef I sell it the way hogs used to be sold a while ago. Whether any condemnation insurance is paid on that or not I do not know.

Mr. DYDE: That question is also being pursued.

Mr. THATCHER: May I ask one question?

Mr. FLEMING: I mention that because it may have a bearing on this question. It might be that they are mingling them.

Mr. THATCHER: Are we to sum up the evidence which has been given, and what Mr. Dyde has said, and say that last year the hog producers of Canada paid approximately 60 per cent more into this fund than they took out? That is what I get according to my arithmetic.

Mr. JOHNSTON: I do not think he knew what the fund was to start with.

Mr. FLEMING: Where did you get the 60 per cent?

Mr. THATCHER: 11,000 odd hogs condemned out of almost 4,000,000. Do you have any figures on that?

Mr. DYDE: No.

The WITNESS: As producers we simply take the total number of hogs, 3,991,840, I think is the exact figure, and we say, for example, that those hogs are worth at least $30 apiece, and we multiply that and get the value, and then we know $\frac{1}{2}$ of 1 per cent is what is collected on that. We use the same figure in applying it to the 11,800 odd, and it generally shows a big difference left there.

By Mr. Fleming:

Q. Mr. Tummon, superficially on these figures what you are saying in effect is, as I understand it, that the figure collected is $\frac{1}{2}$ of 1 per cent, and the number of hogs condemned is approximately $\frac{1}{4}$ of 1 per cent of the total.—A. Not more than that, I would not think.

Mr. FLEMING: That is something we will have to go into.

The CHAIRMAN: All right.

By Mr. Dyde:

Q. Now, Mr. Tummon, would you please turn to paragraph No. 3 of your brief?

The CHAIRMAN: What page?

Mr. DYDE: It is on page 7 of the brief as you submitted it.

Mr. JOHNSTON: Is that Exhibit 90?

Mr. DYDE: It is not an exhibit.

The CHAIRMAN: It is the statement which went into the record, his initial statement, page 7.

By Mr. Dyde:

Q. In the third paragraph you state that it is your understanding that the export price is based on the cost of feed grain. I want to ask you a few questions about feed grain. First of all, what is the principal feed grain that the Ontario hog producer feeds?—A. Barley and oats and also prepared feed known as pig starter and pig grower.

Q. Now, I would like to show you Exhibit 98, where there was taken from the Livestock Review mill feed prices for a period, and I would like to ask you first whether your costs as set out in your brief were based on the January prices of feeds or on some other prices? Now, when you are talking about the cost of producing a hog as at January 15, 1948, you are using there mill feed prices as they existed in January, 1948, were you?—A. I have been using what is probably one of the cheapest feeds that we use, that is cracked or ground oats and barley plus a couple of hundredweights of hog concentrate to a ton of the grain.

Q. And the cost of that feed to you depends largely on what; the cost of barley or the cost of oats, or what?—A. The cost of both, we use them half and half.

Q. Both, and when you were making that estimate of the cost of a hog on January 15, you were using prices as they existed in January?—A. Yes.

Q. Now would you look with me at Exhibit 98, and there I see that we have a column headed "barley meal" and a column headed "chopped oats". In January of 1948, the barley meal price was $67 in carload lot prices per ton; and since then it has dropped to $62.20. Then I would like you to look at the column on chopped oats and there I see that in January it was $66.50, and in March it had dropped to $60.60?—A. Yes.

Q. So that the price of your feed for hogs has in fact dropped since January?—A. We haven't felt that drop much yet.

Q. You explain that to the committee, please; because these prices on Exhibit 98 are prices in Ontario according to the Livestock Review.—A. I think perhaps there have been several other drops since the 15th of January but generally we have not felt that much yet because all the grain from the west is not coming down in carload lots. We are still using grain that is coming out of the elevators and which was put in there at the higher price.

Q. Let me ask you a question about that?—A. I think that is right. I may be wrong in my information.

Q. You can correct me if I am wrong in this, but I have been told that the producer of hogs in Ontario could make a material saving if he brought his barley down by carload lots from the west; what would you say, would that be correct or not?—A. Well, I would hesitate to give an answer in regard to that. Personally I feed pretty much my own feed. I don't buy very much grain. But I don't like to answer that question unless I can be accurate.

Q. Well then, may I put my question this way: Would it be possible in any way for a group of Ontario hog producers to get together and bring down grain in carload lots? Have you ever examined into that?—A. We used to do that years ago.

Q. Why did you stop?—A. Well, I don't know. I cannot give you an answer to that. It was not in connection with western grain that we did that, it was when we used to bring in foreign grain in carloads. At that time we used to buy at the wholesale price.

Mr. Dyde: I think perhaps that is as far as I wish to pursue that point at the moment.

By Mr. Winters:

Q. On that point, Mr. Tummon; you said you did not bring in barley and oats but you grow them yourself?—A. I generally feed my own pretty much.

Q. Would you elaborate on that statement just for my information; what do you mean by that?—A. I mean that I grow my own oats and barley. We have a fairly large farm as farms go in Ontario, 240 acres, and we grow some thousands of bushels of grain and we make it a point to carry stocks sufficient to feed that grain to.

Q. Is that the general practice in Ontario?—A. No.

The CHAIRMAN: Mr. McCubbin would not do that.

Mr. McCUBBIN: I would not want to say that.

By Mr. Dyde:

Q. Can you say what the general practice in Ontario is, is it to buy feed? —A. Yes. Might I just say this. That depends on being able to buy the surplus grain from the surplus grown in the west. I think that is the way we have to farm in Ontario on our small farms. We have to go on the system of crop rotation, a four year rotation; and that means that if a man has 100 acres of land only a comparatively small part of that can be put into grain.

The CHAIRMAN: Does not the answer depend on the price of feed? If you could get more out of selling you would not go on feeding it, would you?

The WITNESS: That does enter into it, of course. If a person could get more for his grain by selling it direct instead of feeding it I imagine he is going to stop feeding stock and sell his grain.

The CHAIRMAN: It would be a pretty expensive thing to feed on the farm at the present prices.

The WITNESS: You come from a farming district. I don't know much about that.

Mr. McCUBBIN: That is a matter of argument too.

The CHAIRMAN: Yes, it is a matter of argument, but if a man could get $2.45, for a bushel of corn I don't think he would want to feed it, there would be too great a difference. However, this is an expert witness.

By Mr. Thatcher:

Q. Before Mr. Dyde leaves this Exhibit 98; Mr. Dyde, you point out that barley and chopped oats prices have gone down. I notice by the first three columns there that bran, shorts and middlings prices are still going up. That is in the first three columns. Do I understand you to say that those three columns do not represent a fair proportion of the feeds you use in feeding hogs? —A. There would be a small amount of bran fed principally to sows that are farrow about that time. There is a certain amount of shorts and middlings used for little pigs, probably when they are weaning; but I think in most cases the producers now are using pig starter and prepared feeds instead of shorts and middlings. That probably has been largely due to the fact that it has been practically impossible to get these feeds.

Q. Can you tell me—or maybe Mr. Dyde can tell me if you cannot—if this barley meal and chopped oats would be affected by—what effect the recent increase in freight rates would have on those prices, would they be increased?

The CHAIRMAN: Mr. Thatcher, you have made your speech.

The WITNESS: I do not know the answer to that question.

The CHAIRMAN: I think that is a little far afield.

Mr. THATCHER: All right.

By Mr. Winters:

Q. Are hogs fed entirely on barley and oats and that type of feeds, or are there any types of feed used for hogs?—A. Not very much.

Q. Do you feed hay—clover or alfalfa—at all?—A. We cut some alfalfa. I think perhaps we raise pigs just a little differently than they do in the west. Our pigs are fed in pens all the time practically, and they are fed in litters of 9 or 10; and we have our sows freshening any time at all, keep them coming continually; and we endeavour to grow a pig from the time it comes until it is ready to dress.

By Mr. Dyde:

Q. That might be what you do in Ontario, but the matter I have come across in my reading in which I am interested at the moment is a thing called the hog barley ratio. Is that used in Ontario?—A. No, it is not used in Ontario. I know it. I have had occasion to refer to it.

Q. Then I will not pursue it other than this; in Ontario in the late autumn and winter months does the hog producer sit down and look at the barley prices and say to himself, I will or will not have more little pigs in the spring; does he look at the price and make up his mind on that basis?

Mr. FLEMING: Do you mean, personally?

The WITNESS: Perhaps that is the way the man in the west does. I presume he looks at prices if he is using the barley ratio method.

By Mr. Dyde:

Q. Do you think that might be the way it is done in the west?—A. I understand that is the way it is used. I am no authority on that.

Q. But in Ontario that is not so?—A. No. We look at the price of feed grain.

Q. You mean something other than barley?—A. As I said before, we use oats and barley mixed.

Q. You look at the price of feed; then, what do you do?—A. We consider what the price of hogs is, or what they are likely to be.

Q. Yes. I am telling you exactly what I want. You do study the market conditions then you come to a conclusion as to whether or not— —A. We will have more pigs; and it has its effect on the producer, as to whether he is going to stay with it or reduce his stock or increase it.

Q. Now, can you take me one step further forward, and can you say whether you look at the price in November and December of 1947, and came to any conclusion?—A. Personally I did not in regard to my own stock.

Q. Do you know whether other hog producers in Ontario did do so?—A. Oh, yes.

Q. And you know what their decision was, if anything?—A. Well, from our organization in our office in Toronto we would do our best to encourage the fellows not to liquidate their stock.

Q. Do you think that has had an effect, your encouragement?—A. I think so, yes.

Q. Now then might I go a step or two further and ask you if you have seen the report made by the Dominion Bureau of Statistics as to the hog population in Canada. Are you familiar with these reports?—A. Not from the Dominion Bureau.

Q. I have a report here from the Dominion Bureau of Statistics in which I find this, dated December 1, 1947; based on December 1, 1947, hogs—live, forecast, reads: Hog production, number of hogs on Farms December 1, 1947, was 538,200. This was 1·4 per cent below the December, 1946 total. Reduced production is reflected more significantly in the sows, taking that group; and in the number of sows bred to farrow in the spring. Now, going on from there, and I am simply quoting the Dominion Bureau of Statistics report; going on from there it is true, is it not, that the slaughtering of hogs have increased quite considerably in 1948, over the same period in 1947?—A. Yes, I think that is true.

Q. Is the result of that going to be that we can assume that there will be a considerably smaller hog population this summer in Canada?—A. That is from last year's report?

Q. Yes.—A. Of the population of the hogs in the country?

Q. In the country.—A. Personally I have given the opinion—I do not know how to answer that except this way—I have given the opinion that at no time during this year will the number of hogs that come on to the market be less than the corresponding period of last year.

Mr. Fleming: That is the marketings. This is about population.

The Witness: Well, when you come to give an estimate I would not attempt to give an estimate on the hog population of the country.

By Mr. Dyde:

Q. Can I help you. I do not mean that I want you to give an estimate of how many hogs there would be in Canada in the summer of 1948, but I have already suggested to you that our hog population was down as at December of 1947, below what it was in 1946. Then I have an exhibit here, No. 97, which shows the inspected slaughterings of livestock. I make one qualification, that perhaps I should have taken the gradings instead of the inspected slaughterings, but I have got the inspected slaughterings; and in the column under "hogs" I find that in the week ending January 3, there were slaughtered in Canada, inspected slaughterings, 69,000 odd as against 38,000, the year before; the week ending January 10, 163,000 odd as against 165,000 odd in 1947. Now, that was a slight fall. Then I find, January 17, inspected slaughterings, 143,000, as against 82,000 odd the year before; and in the week following, 121,000 odd as against 80,000 odd. In other words, I am driven to the conclusion and ask you if I am correct; I am driven to the conclusion that our hog population is falling rapidly. Now, would I be wrong in that?—A. Yes, you might be.

Q. Why would I be wrong?—A. You will recall that at the beginning of 1947, there was a contract made with the United Kingdom by which the price was increased from $4. $2. of that was made effective I think on the 13th of January, 1947, and the other $2, was as I recall it and as the statements were made, was to be put on the list on the 1st of September of that year; and was given by the United Kingdom for the sole purpose of increasing volume, and producers were asked to increase the production of hogs. They do show the marketings that have taken place and I have no hesitation in saying as a result of that encouragement to increase production.

By Mr. Fleming:

Q. Do I understand then that you are saying that the increased marketing of hogs which begins on exhibit 97, with October 25; previous to that point marketings for 1947 were less than in 1946, but beginning October 25, marketings in 1947 of hogs outran those of 1946 consistently right down to the present time?—A. Yes.

Q. Do I understand what you are saying to be this; that the increase in marketings might not reflect a reduction in hog population, that there might be increased production?—A. Well, if you are going to have marketings continue week after week, right on through, the hogs must be back in the country so they can come out. The population must be there.

By Mr. Thatcher:

Q. You are speaking for Ontario only?—A. No; these figures apply to the whole of the dominion.

Q. I would like to question you on that, because, as far as the prairies are concerned, Saskatchewan last year—in 1939, at least, marketed 314,000. By 1944 it had increased to 1,934,000 odd and last year it dropped from that 1,900,000 odd down to 434,000. Manitoba showed the same striking decrease in hog production. Alberta the same. Alberta dropped from 2,981,000, down to a mere 103,000. Now, you may be quite correct as regards Ontario, but as

far as the prairies are concerned, production has dropped tremendously over the last year or more.—A. There was a real increase in Ontario, Quebec and the Maritime Provinces.

Q. I beg pardon?—A. There was a real increase in Ontario, Quebec and the Maritime Provinces. I think probably the province of Quebec showed the largest increase of any province.

Mr. Fleming: May I ask, Mr. Dyde, are there any official figures available on this question? I can see the witness' point that the marketings alone may not give the population figures.

Mr. Dyde: There are no recent figures. The most recent ones are the ones from which I have quoted.

Mr. Fleming: I suppose only time will tell whether the increased marketings will reflect a decrease in population or an increase in production?

By Mr. Irvine:

Q. Are there any figures showing the marketing of sows?—A. Yes.

Q. Would not that be a better means?

Mr. Dyde: It might be.

Mr. McCubbin: You may be marketing one sow and breeding another. You cannot figure it out that way; that will give you no lead.

Mr. Dyde: I have endeavoured to get better figures but I must confess that I have not got the most recent figures.

Mr. Irvine: It is true a man may market one sow and breed another—that procedure is going on constantly—but if you found that in one year there were more marketings of sows, it might be a significant feature.

By Mr. Dyde:

Q. Have you any figures, Mr. Tummon, which would be of help to us in that respect?—A. Well, in 1947—

Q. You are quoting from what?—A. I am quoting from the latest report from the marketing branch of the Department of Agriculture.

The Chairman: Yes, but you have already stated that will not give us the estimated population.

The Witness: Mr. Chairman, I myself get about three or four inquiries from the Dominion Bureau of Statistics each week, asking me to supply information with regard to certain things in my neighbourhood. I sit down and make an estimate of what I think the situation is. Sometimes I cannot give them any figures at all because I just cannot get the information. The Dominion Bureau of Statistics estimate is made up from such information as I give and others give, and I think that it is only an estimate although it is as accurate as is possible under the circumstances.

The Chairman: As to population.

The Witness: Yes, as to population.

Mr. Fleming: I do not think any figures they have ever turned out purport to be more than estimates.

The Witness: No.

The Chairman: You would think the provincial departments of agriculture would have that information through their agricultural offices?

The Witness: They can only give an estimate.

The Chairman: Yes, but it would be a fairly good working estimate.

Mr. McCubbin: It is very difficult, Mr. Chairman. You cannot tell in any season how many sows are bred.

The Witness: Not without visiting each farm.

The CHAIRMAN: Well, you can tell about votes; why could you not tell about hogs?

Mr. McCUBBIN: Votes and sows are different things.

Mr. DYDE: Well I think, Mr. Tummon, you were in the middle of giving us some figures?

The CHAIRMAN: I just want to make one observation that may not be evidentiary. Mr. Thatcher was talking about figures on hog production in the west and certain other places showing decreases, and one might reasonably inquire whether the political atmosphere had anything to do with that decrease?

Mr. THATCHER: Well if we were going to talk politically—

The CHAIRMAN: I just wanted to make that observation, but it is not evidentiary.

Mr. McCUBBIN: They are paying too much for coarse grains and wheat in the west and they just went out of the hog business.

Mr. THATCHER: That is not the way I would answer the question.

Mr. FLEMING: Is not the farmer population decreasing?

Mr. THATCHER: There is a hog producers association coming from the west, is there not?

Mr. DYDE: That is correct.

Mr. THATCHER: They will give us some information.

By Mr. Dyde:

Q. There is another sentence, which I might read from the Dominion Bureau of Statistics survey from which I quoted a few moments ago and it is this: "A decrease of 33 per cent in the estimate of the number of sows bred in the month following the survey indicates further reduced production." This estimate, however, is based on intentions reported by farmers at the beginning of last December.

Mr. FLEMING: Which December is that?

By Mr. Dyde:

Q. Reference there is to December 1946 when he talks about the 1946 hog-barley ratio reaching a low of 14·9 in December 1947 which was the lowest ratio since May of 1947. Decreases of 41·5 per cent to 35 per cent in the spring pig crop are forecast for Quebec and Ontario respectively. That is their estimate. Now would you give us those figures, Mr. Tummon that you were intending to give a moment ago?—A. This is from a page of my report to the annual meeting of our association on March 10 and 11, and I took the different counties of old Ontario. That does not cover the districts up north because there are only a couple of thousand hogs marketed in that whole district. There were 74,057 sows marketed in 1946; there were 104,368 sows marketed in 1947; the number of sows graded—that is sold—in excess of 1946 was 30,311; the figure for sows graded in relation to the total production of hogs in 1946 was 4·19 per cent; the figure for sows graded in relation to the total production in 1947 was 5 per cent. There was not such a great difference actually—there were a lot more sows marketed, but the percentage in relation to the total number of hogs was not a large figure.

Mr. FLEMING: Are those figures for the whole of Ontario?

The WITNESS: Old Ontario, and really the producing areas in Ontario.

Mr. MAYHEW: That in your opinion would be a better indication than taking the number of sows themselves?

The WITNESS: There are a lot of producers, directors of our association, who do not agree with me but I still contend and believe, with regard to the marketing of hogs, that the figures will at no time go below the corresponding period last year, and I look for considerable heavy marketing next fall.

Mr. THATCHER: In Ontario?

The WITNESS: Yes.

By Mr. Dyde:

Q. Would you proceed on that page of the brief and there is a small point, Mr. Tummon which I would like to have made clear. Just before you start to make suggestions in your brief you say "Most hogs go to market on trust as to price." I think perhaps you forgot to tell the committee, when you gave that information to the committee, that you have the government grader in the plant have you not?—A. Yes.

Q. So that when you say they go on trust as to price you have the grader there and he is in fact protecting your interest?—A. As to grading, yes.

Q. And therefore as to the price which you get?—A. No, he has nothing to do with the price.

Q. No, but you get a certain price for a certain grade and you have spoken to us about an understood price—A. The processor must pay on the grade of course.

Q. So you are not just trusting to the packer?

Mr. THATCHER: Are they weighed beforehand?

Mr. DYDE: You are trusting to the packer to pay the money but it is not the packer that sets the grade on the hog?

The WITNESS: No.

Mr. THATCHER: Who weighs them? Does the packer weigh the hogs?

Mr. DYDE: How does the hog go through? Is the grader not right there?

The WITNESS: He grades them on the rail.

Mr. THATCHER: Who weighs them?

The WITNESS: They have to be weighed and I think they go through an automatic weighing machine and as they go along the ticket is automatically punched.

By Mr. Dyde:

Q. I want to be sure we understand what you mean by "on trust as to price." —A. What I meant was this. Before the present system of rail grading came into effect, the farmer bargained for the sale of his hogs on his farm. He knew what price he was going to get "live weight" before they left. At the present time with rail grading the hog leaves the farmers' premises, goes to the packing house, is slaughtered, dressed, hung on the rail, before the grade is established and before the price is decided upon and the ownership of the hog changes place. Not one man out of five in the province of Ontario today knows when his hog leaves his premises what price he is going to get, nor does he know what grade he is going to get. Therefore, they go on trust. For that reason, I have said I believe it is all-important that the minimum price be just and be fair.

Q. Yes, and I do not think, if I understand you rightly, that you are really criticizing the method of grading?—A. No, no, but understand that price is a minimum price. It is a minimum price that the processor must pay for that grade of hogs. If that minimum price is too low by 10, 15, or 25 cents, then the producer stands to lose that amount.

Mr. WINTERS: How is the identity of a hog maintained from the time it leaves the producer until it gets to the rail?

The WITNESS: By tattoo—tattoo on the shoulder.

Mr. McCUBBIN: Do you not think the majority of farmers are more satisfied under this system than under the old system?

The WITNESS: Absolutely. If a vote was taken today among our producers they would vote overwhelmingly in favour of rail grading, and they would do so because they know it is the only way in which they have been able to raise the quality of their hogs. I am not just sure, but it runs in my mind that live grading started in 1921 or 1922 and there was scarcely any progress made in quality in ten of fifteen years. There has been more progress made under this new system in a few years than there was in the previous fifteen years.

By Mr. Dyde:

Q. Would you go on to No. 3 of your suggestions where you recommend that the wholesale prices should be published bi-monthly? May I ask if that publication would be feasible or practical with respect to pork? Wholesale cuts are not matters with which the ordinary consumer is familiar; am I not right about that? The average housewife does not know much about wholesale pork cuts does she?—A. She knows about pork chops.

The CHAIRMAN: You are saying that, Mr. Dyde, because you are not married.

Mr. DYDE: I am pratically in the position of a housewife myself, having to buy all my own groceries.

Mr. IRVINE: Would this not be more helpful to the producer of hogs than to the housewife?

By Mr. Dyde:

Q. I am just wondering what we would gain by this measure. I am sure, Mr. Tummon can tell us? The housewife knows about the price of bacon—you are quite correct there—but could she, if she saw the wholesale prices published, say to the butcher that he was charging too much for that particular cut?—A. Well, if she was buying some particular cut from the butcher and she did not know what is was, she could ask him what it was and then she could go home and find out from the list which had been published whether the price was too high.

Q. It would be necessary for her to have a list of the wholesale pork cuts and to be completely familiar with them?—A. I would say the greatest amount of pork which changes hands consists of shoulders, hams, bacon, tenderloin, and pork chops.

Q. Yes?—A. Now pretty nearly every housewife knows about those cuts.

Q. Are those the wholesale cuts? I see on exhibit No. 94, wholesale and retail prices, that they talk about fresh loins, and they talk about casing back?—A. Is that wholesale?

Q. Wholesale, and they give the wholesale price for casing back. Now does the average housewife know what casing back is or would she require to be told?—A. Yes, I presume she would require to be told.

Q. And is it not fairly complicated?—A. To a certain extent perhaps it is, but after all is said and done my whole thought in that suggestion is that I believe that with the additional publicity there would be greater confidence. I made the statement in my brief that any person who adds anything with regard to services is entitled to a fair and just return. Now if the housewife knows that the price which the producer receives—and I do not see why it would not be possible to publish those prices a couple of times a month with respect to hams, shoulders and such cuts—greater confidence on the part of the housewife would come from that publicity.

Mr. FLEMING: The figures might not mean very much to the average consumer but they might mean a great deal to the producer?

The CHAIRMAN: Yes.

Mr. FLEMING: Would it be of eventual value to the consumer if the producer had those figures?

The WITNESS: Yes it would be, because when we see the prices of meat being sold as it was shortly after the 1st of January, remembering that the producer received about $27.50 on a 100 pound carcass—and bacon was selling anywhere from 90c to $1.00 a pound—we would perhaps wonder just what was taking place. There was a statement made by some of the retailers that they were buying pork at a certain price and requiring to make 23 cents a pound on a pound of bacon. Now the producers just canont realize that it requires 23 cents to retail a pound of bacon and we think there must be something wrong with the distribution process.

Mr. THATCHER: Has your association figured out how much of the consumers' dollar you get?

The WITNESS: No, because we cannot tell what the consumers' dollar is.

Mr. FLEMING: Where did you get that figure of 23 cents retail mark-up on a pound of bacon?

The WITNESS: Well, one of the retail butchers stated that figure in a Toronto city paper—the Toronto *Star*.

Mr. THATCHER: Would it be fair to say the producers do not feel that they are getting enough of the consumers' dollar?

The CHAIRMAN: You should never ask a question when you may reasonably expect an unfavourable answer.

Mr. FLEMING: Perhaps it is an explanatory answer.

Mr. THATCHER: Can you explain that? Would it be fair to say that the producers feel that they are not getting a fair share of the consumers' dollar at the present time?

The WITNESS: When it comes to prices like that we feel we are not getting a fair share.

Mr. DYDE: Mr. Chairman, I have no further questions of this witness.

Mr. THATCHER: I have just one or two general questions.

By Mr. Thatcher:

Q. I wonder if Mr. Tummon could say—and I am pursuing the line of questioning followed the last time he was here—whether the producers have found any evidence of collusion in price setting among the large packing companies? Have you any indication whatever that when the packers go out to buy your hogs or cattle that, to a certain degree, they do not bid against each other? Is there anything along that line of which you have evidence?—A. No, I have no evidence.

Q. Do you think there is competition between Swift's and Canada Packers? —A. I think that one of the big companies sets the price and the others have to follow.

Q. In other words you do not think there is any competition?

Mr. LESAGE: Would you mind speaking a little louder, Mr. Thatcher?

Mr. THATCHER: I was trying to establish whether Mr. Tummon thinks that Canada Packers and Swift's might get together in setting prices?

The CHAIRMAN: And the witness says one big company generally sets the pace and the others follow.

By Mr. Thatcher:

Q. Do you happen to know whether most hogs are sold direct to the packers or go through the livestock yard?—A. In Ontario I would say at least 85 per cent of the hogs go directly into the packing houses.

Q. And just one other question. Have you found in Ontario that your co-operative organizations have been able to materially affect the price at all? Have you found it particularly effective in that regard?—A. Well, yes, I think we have been able to make considerable progress.

Q. Through the co-operatives?—A. Particularly through our hog producers marketing scheme and our association. We are dealing directly with representatives of the packers, appointed by the packers. Under our scheme every processor in the province of Ontario must hold a licence to process.

Q. I see?—A. They choose their representative to sit on the negotiating committee with us. All the drovers and such people must be licensed in the province of Ontario under the scheme which is a marketing scheme.

Q. Yes?—A. We have not got to the point where we have got them all licensed; it has taken some time to do it but we are making headway. Above all, and as much as anything, our producers from one end of the province to the other are more quality conscious than they have ever been, because we feel that we have got to have quality both for domestic markets and for overseas markets.

Mr. IRVINE: I have a question to ask, Mr. Chairman.

Mr. FLEMING: I have a question too.

By Mr. Irvine:

Q. Is the price of hogs based on seaboard or delivery at the plant?—A. The price of hogs?

Q. Yes?—A. That is the carcass weight?

Q. Yes?—A. It is the price at the packing plant.

Q. Supposing that the hogs were to be shipped overseas, and much of the pork will be shipped overseas—I was just trying to compare the hogs shipped from the west and those shipped from eastern Canada destined to the English market? The value of the hog would be the same at the packing plant, would it not, whether it was in the east or west?—A. I do not know, I am sure.

Q. Less the freight in the west?—A. Probably so.

Q. If they are less the freight in the west the eastern farmer would be at an advantage; or, to put it the other way, the western farmer would be at a great disadvantage—whichever way you want to put it—would he not?—A. I suppose that would be so. At the same time, Mr. Irvine, I would like to remind you, very modestly, that 55 per cent of the grade "A" hogs produced in the dominion come from Ontario.

By Mr. Lesage:

Q. Mr. Thatcher was asking something about the price being fixed by the packers. I understand that the packers set the price for hogs. Is that true? And, is it also true that if the prices are set by the packers, that some of the small buyers coming on to the market trying to get hogs will pay a substantial increase?—A. Would you mind repeating your question?

Q. Mr. Thatcher was talking about the possibility of independent meat packers setting the price on hogs. He was talking about that. I was asking you if it was possible for them to do that and you said you have never heard of it. Do you know of your own knowledge if there is any great competition between small independent buyers and the large packers in the hog market?—A. I think there is competition. How keen it is, I am not prepared to say.

Q. You are not prepared to say?—A. No.

Q. Do you know of your own knowledge whether or not during the war, during the period of control, the small dealers and independents were offering or paying more on the market, were offering above the price offered by the large packers?—A. That might be so, yes.

Q. Do you know of that?—A. Yes.

Q. Is that still true, or is the reverse happening now?—A. It would be the reverse now, I would say.

Q. That is happening now?—A. Yes.

Q. And the large packers are offering more now than the small dealers; would that be correct?—A. Yes. I think that is probably true on account of the price at which meat is being sold to the consumer today in Ontario, and I think probably in Montreal as well. The domestic processor I think is having some difficulty perhaps to pay the price equivalent of the export and sell in the domestic market at the price of the domestic market.

Q. The large packers are offering a price which is higher than can be obtained on the domestic market at times; that market is higher than what is generally recognized as the equivalent of the export price, which I understand is 28 cents?—A. That is a very broad question, Mr. Lesage. The efficiency of the packer enters into it. There are some plants which are export packers and I would say are tremendously efficient, so much so that they could pay a price to the producer perhaps considerably in excess of what some of the smaller dealers might pay.

Q. That is, meat prices vary on the market and at times some of the large packers would be able to pay as much as $29?—A. How much did you say?

Q. $29?—A. Well, there are several things which enter into it beside that.

Q. What would they be? I would like to know, because we are going to have the packers here.—A. Well, let me try to explain this picture, if you will. From around 1940, or 1939, when the first contracts were made and when the quotas were first put on, quotas were put on all processors, butchers and such like. The amount that could be bought on the domestic market was restricted. There was a hole in the domestic market all the time during the war. The big export packers were given a quota so that they could not supply all their customers whom they had served previously. They could not do it until after October 22.

Q. What happened then, black marketing?—A. I am not going to say there was black marketing. It is said there was something like that.

Mr. Fleming: You have heard it said?

The Witness: I have heard it talked about. There was that, of course.

By Mr. Lesage:

Q. Well, if the small dealers were bidding over the export price the only answer would be that there was a black market in the business.—A. Well, all right.

Q. Do you agree with that, that that is what happened?—A. I am under oath. I am not going to swear there was a black market because I do not know that. They say there was, but I had no contact with it and do not know anything about it, therefore I cannot say.

Q. I know, but the only logical conclusion is that there was a black market.—A. I suppose that is a logical conclusion.

Q. And then what happened?—A. If you don't mind, I wanted to go on to another point.

Q. Yes, please.—A. These export packers had been held down on that quota all during the war. They could not supply the retail customers they had and they lost them. The so-called black market fellows stepped in and took these customers. Now, after October 22, quotas were off, ceiling prices were off, they

could put all they wanted to into the domestic market; I mean, these export packers. I think it is a very natural thing for these people to do; to go out and get back some of the customers they lost before, and probably by paying 25 cents extra per hog—that is one way of doing it.

Q. That is it. That is what the large packers did. They paid a price that no small operator could pay in order to get back their trade.—A. Probably so.

Q. Now maybe they cut their own throats, that is what it amounts to, these small fellows.—A. I do not think any legitimate domestic packer who was in the business when the war started has been put out of business.

Mr. FLEMING: Did he say "will be"?

Mr. LESAGE: No, "has been."

Mr. THATCHER: I agree with Mr. Lesage's conclusions, I think—

Mr. LESAGE: I did not make any conclusions. I asked questions. You are making the conclusions. You are making the conclusions, Mr. Thatcher.

The CHAIRMAN: Let us withhold our conclusions until we have heard the evidence.

Mr. LESAGE: I was asking questions.

By Mr. Fleming:

Q. Mr. Tummon, during the war what was the relationship between the export price and the domestic price as far as producers' interests were concerned?—A. Well, it was generally understood that the domestic market was a little more profitable than the export market.

Q. Why?—A. Well, I don't know. There might be certain reasons for that. The Wartime Prices and Trade Board in setting their prices in a restricted market when both wholesaler and retailer were restricted as to amount might have considered that the price should be a little above what it would be if they had all the volume. That might be one reason. I do not know that it was. It might be possible, too, that the meat that went into the domestic market might not need to take a cure.

Q. That is to say that the meat that was going on to the export market was cured meat, and a large proportion of the meat was consumed on the domestic market was not cured?—A. I cannot tell you that. You have to get that from the packers.

Q. You are assuming that a substantial part of it would be sold uncured in the domestic market?—A. The greater proportion of it would be, I think.

Q. Were there any other known factors in this differential—you are speaking now of the period during which meat was under ceilings—now, what is the situation today in that regard? Can you draw any relationship between the export and domestic price so far as the processor is concerned, as between when the ceilings were on and after they came off?—A. I do not know that I just get what you mean, Mr. Fleming.

Q. You have indicated that during the war when marketing was not entirely free there was probably more advantage to the producer to be gained through marketing domestically than in the export market. That is while the ceilings were on. Now I am asking you for information as to the same matter applied to the period since the ceilings were removed?—A. Well, since the beginning of the year I would say that the export market was the better of the two; if that is what you mean.

Q. With the prices now effective?—A. It is the export market that is holding the price for the producer today.

Q. What about the Canadian consumer; the same thing?—A. Well, I hesitate to give an opinion on the price of meat to the consumer because I am not in the habit of cutting up hogs. But from general observation, I am just

giving you an opinion, I would say that the price of meat being sold to the consumer in Ontario today, and I think Montreal, is below the equivalent export value.

Mr. LESAGE: That is good.

Mr. FLEMING: I think they have stated already that the effect of the price set under the United Kingdom contract was to raise the domestic retail price substantially.

The WITNESS: The price that was paid to the producer is the same whether his hogs go into the domestic market or whether they go to the export market.

The CHAIRMAN: But Mr. Fleming's question was, if it had not been for exports since the war there would have been a reduction in the domestic price.

Mr. FLEMING: And we are dealing now with the period following the lifting of the ceilings.

The CHAIRMAN: Yes.

By Mr. Fleming:

Q. Now, I am speaking about this last bacon contract. I understand, we have told already that when the new contract was announced it had the effect of raising the domestic price considerably. You are aware of that Mr. Tummon?—A. Yes.

Q. Has that been reflected in any respect thus far in increased prices to the producer?—A. You mean this last price of $36.

Q. Yes.—A. Oh, yes.

Q. Have you been getting a fair share of the increased price which followed the new export price in the U.K. contract?

The CHAIRMAN: His answer is, yes.

Mr. FLEMING: He didn't say that.

The WITNESS: I think the understood price was about $23 to the producer previously to the 1st of January, that is the Toronto, f.o.b. price—previous to the 1st of January, 1947; and the understood price now f.o.b. Toronto is $28.50.

Mr. DYDE: You will find those prices indicated in Exhibit 96, page 2, where we find the average prices paid over the period, at Toronto, from August, 1947, down to March of 1948; and they indicate in December the price—and this is for B-1—the prices in December ran, $22.60, $22.72, $22.85, $23.60, and then up to $28.10.

Mr. LESAGE: I think, Mr. Dyde, the answer to Mr. Fleming's question is on page 7, on Mr. Tummon's brief, in paragraph 4.

Mr. DYDE: It is also in Exhibit 92, is it not?

Mr. LESAGE: Possibly it is.

By Mr. Winters:

Q. If I may ask one question, Mr. Chairman, on the subject which we have just been discussing? There must be situations where the hog processor sells directly to a local butcher, the small local retailer. In that case would not the fact that the retailer who is a butcher was selling at the prevailing price would be in a position to charge a good mark-up, and also pass on to the producer a better margin than the packer could? That is a fair implication?—A. Yes, I would say that might be so.

Q. That is one position where the small hog producer when he sells direct to the butcher might be in a better position than a producer who sells to a packer?—A. Those hogs that go to the small butchers are sold as a rule live weight.

Mr. McCUBBIN: No notice is taken of them?

The WITNESS: No, the farmer usually gets a price sufficient to cover him.

Mr. LESAGE: But in the small communities where hogs are marketed that way is it not a fact that the consumer generally pays a little less for his meat from the butcher, is not the price lower?

Mr. WINTERS: I do not think that is a safe assumption in all cases.

The WITNESS: I would not want to go that far.

By Mr. Mayhew:

Q. I would like to ask if the witness thinks the increase in the price of hogs has been sufficient to take care of the increase in the price of grain?—A. Just puts the producer in the same position he was in before the increase took place.

Q. But what I want to know is this, it was sufficient to take care of that?—A. Yes.

By Mr. McCubbin:

Q. Did you say that the price to the producer is the same now as it was before this new contract came into effect?—A. To the producer?

Q. Yes.—A. No. What I am saying is that the producer now is just about in the same position he was in before the subsidies on grain and such like were taken off.

Q. Do you believe that?—A. Certainly, I believe that.

Mr. FLEMING: It is time for another Liberal caucus, I think.

Mr. LESAGE: When you say he is in the same position as before, as of what time have you in mind?

The WITNESS: I meant in September.

Mr. WINTERS: He is better off now than he was in January, 1947?

The WITNESS: Which?

Mr. WINTERS: The producer.

Mr. McCUBBIN: He is a lot better off than he was in September.

The WITNESS: He might be to a certain extent, but there is not much difference now.

The CHAIRMAN: Thank you very much, Mr. Tummon, for your very excellent evidence which is very much appreciated by the committee.

Stewart A. Brown, President of the Ontario Beef Producers Association; Chairman of the Eastern Beef Producers Association; and Vice Chairman of the Dominion Beef Producers Association; Shedden, Ontario, called and sworn:

Edward M. Bateman, Secretary Treasurer of the Ontario Beef Producers Association, Mount Brydges, Ontario, called and sworn:

The CHAIRMAN: All right, Mr. Dyde.

Mr. DYDE: Before you read the brief, which you have brought with you gentlemen, I would like you to give the committee your occupations and addresses. Mr. Brown, your home address?

Mr. BROWN: Shedden, Ontario; that is in western Ontario.

Mr. DYDE: You are a farmer?

Mr. Brown: Yes.

Mr. Dyde: You have a farm of your own?

Mr. Brown: Yes.

Mr. Dyde: What size?

Mr. Brown: 800 acres.

Mr. Dyde: And in addition to farming in your own right do you occupy certain official positions in the Beef Producers Associations. Would you tell the committee what they are, please?

Mr. Brown: President of the Ontario Beef Producers Association, Chairman of the Eastern Beef Producers Association, and I am Vice Chairman of the Dominion Beef Producers Association.

Mr. Dyde: Would you describe to the committee please how these associations are made up?

Mr. Brown: The Ontario Beef Producers is made up of directors from each county, 38 directors from Ontario. These men assemble at Toronto once a year and an executive is picked out of this group of men. Each county has its own beef association formed in each county; and an executive of seven is picked from this group to represent the beef producers of Ontario. In the Eastern Association three members are from Ontario and three members are from Quebec; and the Maritimes form an association and an executive is picked from that association; and there are three members picked from the Eastern Association along with the four members from the Western Association to form the National Beef Council for the Dominion of Canada.

Mr. Dyde: And, generally, what are the objectives of the association?

Mr. Brown: To work in the interests of the beef producers in the province and in the Dominion of Canada, and to represent them at meetings, and so on.

Mr. Dyde: Mr. Bateman, would you give the committee your home address?

Mr. Bateman: Mount Brydges, Ontario.

Mr. Dyde: Are you a farmer?

Mr. Bateman: Yes sir.

Mr. Dyde: You have a farm, of what size?

Mr. Bateman: I operate, along with my father, about 1,000 acres.

Mr. Dyde: And in addition to your being a farmer you are an officer of one of these associations, are you?

Mr. Bateman: I am Secretary Treasurer of the Ontario Beef Producers Association.

Mr. Dyde: Do you hold any other office?

Mr. Bateman: No, that is all.

Mr. Dyde: Mr. Chairman, these gentlemen have brought a brief and I think perhaps it might be well not to start on that brief with only three minutes of this session remaining.

The Chairman: We will adjourn until 4 o'clock.

The meeting adjourned to meet again this afternoon at 4.00 p.m.

AFTERNOON SESSION

April 19, 1948

—The meeting resumed at 4.00 p.m.

The CHAIRMAN: The meeting will come to order.

Stewart A. Brown, President of the Ontario Beef Producers' Association; Chairman of the Eastern Beef Producers' Association; and Vice-Chairman of the Dominion Beef Producers' Association; Shedden, Ontario, recalled:

Edward M. Bateman, Secretary Treasurer of the Ontario Beef Producers' Association, Mount Brydges, Ontario, recalled:

Mr. DYDE: I understand, Mr. Chairman, that Mr. Bateman will read the joint brief and then Mr. Brown will answer questions. Mr. Bateman, will you proceed to read the brief?

Mr. BATEMAN:

BRIEF FOR PRESENTATION TO THE PARLIAMENTARY PRICE COMMITTEE OF THE ONTARIO BEEF PRODUCERS' ASSOCIATION

1. *Constitution of the Ontario Beef Producers' Association*

The Ontario Beef Producers' Association is a federation of county Beef Producers' Associations. Local associations have been organized in each Ontario county where beef cattle are produced to any great extent. To date 38 counties are represented. The director from each county is elected by popular vote at a duly organized beef meeting in the county. The affairs of the latter association are managed by an executive committee consisting of seven members elected by a majority vote of the directors from among their number. The association was organized for the purpose of promoting the welfare of those engaged in beef production, and in striving to obtain that objective co-operates with and has membership on the Board of Directors of the Eastern Canada Beef Producer's Association.

2. *Type of Beef Production Pursued in Ontario*

There are three main types of operators engaged in beef production in Ontario: (*a*) In the northern part of Ontario a great many men raise feeder or stocker cattle, and sell them to individuals in other parts of the province for finishing. These men own or have access to large acreages of rough land that will produce reasonably large quantities of hay and pasture but is not suited for the production of cereal grains so necessary in finishing cattle. In general practice most of the calves in these herds are born in the early spring months. Cows are milked, cream separated and sold, while the skim milk is retained for feeding calves, and in some instances pigs and poultry as well. The lactation period of the cows corresponds to the pasture season, following which the whole herd, that is, cows and calves alike, are wintered on roughage. Subjected to such conditions calves make little gain in weight during the first winter but they develop bone and muscle and invariably add poundage when turned on pasture as yearlings. It is customary for owners to market each calf crop

in the late summer or early fall months of the year following birth. Animals are about 18 months of age when sold. (*b*) A great majority of the beef producers in Ontario produce and finish their own cattle. They are able to do so because their farms are suited for the production of most of the feeds required to grow and finish cattle. Following the harvesting of an exceptionally good crop these operators may supplement home livestock production by the purchase of feeders from various sources. They look upon cattle as the medium for marketing hay, grass and other roughage that might otherwise be unsaleable. Furthermore cattle are considered the most economical medium through which cereal grains may be merchandized. As in the case of the northern Ontario operator, cows are milked and the cream sold, hence income from the cattle herd is divided between the revenue obtained through the sale of cream and finished cattle. A small minority produce baby beeves. Where such practice is followed there is no revenue from cream as the calves consume that product during the process of nursing. (*c*) The third type of beef producer is represented by the individual who purchases feeder or stocker cattle in the fall of the year and fattens them with the feeds produced on his own farm or purchased. The majority so engaged reside in southwestern Ontario and a fair portion of their farms is devoted to the production of cash crops such as corn, tobacco, and crops used by canners for processing. In order to maintain the soil fertility required to produce cash crops, these men must keep adding fertilizer and humus to the land. It is also essential that a certain percentage of their acreage be in hay and pasture each year. A comprehensive program which embraces maintaining soil fertility and utilizing hay and pasture efficiently necessitates the maintenance of some cattle, and purchasing of feeders every fall is best suited to such a program. In some instances the individual actually finishes cattle on grass. Sometimes this is done as a regular practice, in other cases as a natural outcome of dissatisfaction over prices prevailing at the time cattle would otherwise be marketed.

The individual who pursues this type of beef production is engaged in a highly speculative enterprise. Profit or loss depends on a number of factors but chiefly upon the price paid for feeders and the selling price of the finished cattle. Most feeders agree that a spread between feeders and finished cattle of at least two cents a pound is necessary. The following table reveals the relationship that has existed during the years 1946, 1947 and the two months of 1948.

Monthly Average Price—Ontario Stock Yards, Toronto

Month	1948		1947		1946	
	Stockers	Steers	Stockers	Steers	Stockers	Steers
January	$13.01	$15.21	$11.90	$13.36	$10.15	$11.88
February	13.22	15.29	12.89	13.96	10.30	12.10
March	.. ..	.. ..	12.78	14.24	10.81	12.12
April	.. ..	.. ..	13.12	14.66	11.69	12.28
May	.. ..	.. ..	13.76	15.04	11.62	12.60
June	.. ..	.. ..	14.24	15.28	12.09	13.89
July	.. ..	.. ..	12.42	14.47	11.43	13.22
August	.. ..	.. ..	11.64	14.02	11.19	12.54
September	.. ..	.. ..	11.74	13.92	11.03	12.35
October	.. ..	.. ..	12.68	13.70	11.46	12.28
November	.. ..	.. ..	12.52	13.51	11.72	12.37
December	.. ..	.. ..	10.65	14.19	11.75	12.61

N.B. Average price quotations cover good stockers or feeders. Good steers up to 1050 lbs.

It will be noted that on the average a favourable relationship appears to have existed, that is, good stockers purchased in the fall of 1946 if well wintered would have appreciated in value by at least two cents a pound if marketed the following spring. Similarly there is reason to believe that the same favourable relationship will exist during the present feeding season. This situation has been created as a result of U. K. contracts, whereby prices were announced well in advance and producers thereby enabled to purchase accordingly.

3. It has been suggested that the recent increases in consumer beef prices were caused by an advance in the price of cattle. The table referred to earlier

in this brief records the average monthly price of good steers during 1946, 1947 and the early months of 1948. It will be noted that the prices prevailing in 1948 are little if any higher than in May and June of 1947. If the consumer paid substantially more for beef that increase could not be attributed to any appreciable rise in prices paid to the producer. Moreover present prices are no more than adequate to cover costs of production as will be revealed by the following example.

We have chosen to illustrate our contention by enumerating the various operations and costs of same involved in the feeding of 100 steers purchased in November of 1947 and sold in May, 1948. The average price prevailing on the Toronto market in November was $12.52. Since the purchaser is required to bear all costs incidental to shipping the cattle to his home the final cost was not less than $13. In all probability these cattle were placed on a modest grain ration for the first two or three weeks, but at the end of that short period would be fed at the rate of 10 pounds of grain ration per day. In addition these cattle would consume at least 20 pounds of silage and 10 pounds of hay a day. When fed at this rate the owner would expect the cattle to make an average gain of $1\frac{3}{4}$ pounds per day.

For purposes of illustration let us assume that the cattle were fed for a period of 180 days. In view of prices prevailing at present it is within the realm of possibility that these cattle will sell for $16 per hundred weight at the time of marketing. During the 180 days the total feed consumption will be as follows:—

Ensilage—20 lbs. per animal per day	180 tons
Hay—10 lbs. per animal per day	90 tons
Grain—10 lbs. per animal per day	90 tons

If the feed lot is equipped with modern conveniences, it should be possible for one man to handle all operations incidental to the feeding of 100 cattle. Herewith follows a statement of the costs:—

100 cattle, average weight 800 lbs. at $13 per cwt.	$10,400.00
180 tons ensilage at $8 per ton	1,440.00
90 tons of hay at $16 per ton	1,440.00
90 tons of grain at $60 per ton	5,400.00
Labour—one man at $3.50 per day	630.00
Total cost	$19,310.00

N.B.—The cost of any bedding has been charged against the value of the manure.

Statement Relative to Sale of 100 Cattle

Gain in weight per animal at the rate of $1\frac{3}{4}$ lbs. per day for 180 days—315 lbs.

Average weight per animal at the time of marketing—800 lbs. plus 315 lbs. —1,115 lbs.

Total weight—100 animals—111,500 lbs.

Total selling price—$16 per cwt.—$17,840.00.

It would therefore appear that the operator who fed this group of 100 steers lost $1,470, even in spite of the fact that his margin between the cost of feeders and selling price of finished cattle was 3 cents a pound, a margin that is much greater than normally exists. If the operator paid more than the average price ($13 per cwt.) for feeders, and a great many operators did, his loss would have been greater than in the case cited above.

It will be noted that grain constituted the main item of expense in connection with the feeding operations. Previous to October 22, grain prices were subject to ceiling regulations and grain similar to that which now costs $60 per ton could have been purchased for $38 a ton previous to October 22. The individual who fed 100 cattle in 1946-47 would have saved $1,980 on this one

item alone, and thereby would have realized a profit of $520 instead of a loss of $1,470. It is only fair to state that had our theoretical operator purchased his feed previous to October 22 he might have accomplished the same results. Unfortunately very few men did as they received no advance warning that grain prices were likely to advance.

It is impossible to give accurate information relative to the cost of producing beef on those farms where producers raise and finish their own stock because of the fact that in most instances a portion of the revenue from the breeding herd is derived through the sale of cream. There doesn't appear to be any fair basis for dividing costs between beef and cream. In the final analysis profit or loss in this type of enterprise depends upon the efficiency of the operator, particularly as it relates to the number of cattle that can be raised and finished with the amount of feed produced on the farm. In the case of a steer feeder, profit or loss can be determined as evidenced by the case cited heretofore.

This type of operator is an important cog in the whole machinery of beef production. He takes thin cattle which would otherwise be slaughtered, and following slaughter yield a small amount of low quality beef, and feeds them high quality feed in an effort to increase their weight and the quality of the meat. In so doing he adds materially to the total quantity of beef produced within the country, also to the consumer demand for beef as a result of the improvement in quality. If this type of individual disappears, and it is quite conceivable that his activities may be greatly curtailed unless he is able to make a profit, the consequences will have a far-reaching effect upon the whole industry. Who will then finish the great volume of thin cattle that are shipped to the markets annually? If these thin cattle are slaughtered and the low quality beef offered for sale, the whole market will become demoralized. As a consequence it is of vital importance that the operations of our cattle feeders be preserved as an integral part of the been industry.

4. Previous to August of 1942 Canada's surplus cattle were marketed in U.S. Since that date surplus beef has been shipped to Great Britain at prices agreed upon by representatives of the two countries concerned. Beef producers have been led to believe that the embargo on shipments to U.S. was instigated at the suggestion of American authorities. When the embargo became effective the U.S. was supplying beef to allied countries and notably Great Britain, under lend-lease. American authorities intimated to our government that the U.S. did not apreciate being asked to purchase our surplus as well as their surplus for shipment overseas. Our producers willingly accepted decisions made at that time believing they were making a voluntary contribution to the winning of the war. Now that 2½ years have elapsed since the end of open hostilities they are beginning to wonder why they should still be deprived of the privilege of selling in that market. With cattle selling in the U.S. at almost twice the price prevailing in Canada, beef producers are eagerly awaiting the day when the embargo will be lifted.

Before concluding it is only fair to state that the U.K. contract system of merchandising has lent a great deal of stability to the industry. Producers appreciate this feature. Cattle production programs cannot be consummated as rapidly as in the case of hogs or poultry. Two or three years must elapse after a cow is bred before her offspring is ready for the market. An entirely different price structure may prevail when an animal is marketed than on the date when it was conceived. Producers well remember the deflation that took place after the last war and would willingly forego extremely high prices

prevailing in U.S. for a greater degree of stabilization. They are firmly convinced that the stabilized price should bear a closer relationship to those prevailing in U.S.

SOLD AT STOCK YARDS, TORONTO

Year	Direct to Plants	To Packers	To Butchers	To Country Points	Total Stock-Yards
1947	140,096	136,190	96,170	44,314	276,675
1946	149,923	166,212	75,298	51,079	292,589
1945	179,815	214,417	71,861	46,827	333,105
1944	139,787	162,414	43,223	47,877	253,514
1943	109,757	136,462	48,958	49,848	235,268
1942	108,846	162,296	47,147	52,738	262,181
1941	152,257	204,044	39,617	47,117	290,778
1940	122,746	185,006	37,801	63,882	286,689

Mr. DYDE: Mr. Brown would you please tell the members of the committee the type of grain that is commonly used in feeding cattle in Ontario?

Mr. BROWN: It is mostly oats and barley.

The CHAIRMAN: Would you speak louder, Mr. Brown?

Mr. BROWN: The grain used in feeding cattle in Ontario is mostly oats and barley.

Mr. DYDE: And the prices which we have received from an examination of the mill feed prices in the Livestock Review show barley meal, and chopped oats. Now is that what is fed to cattle?

Mr. BROWN: No, there is some wheat fed but it is only to a small extent.

The CHAIRMAN: That is barley meal, and chopped oats.

Mr. DYDE: Yes, sir.

Mr. HARKNESS: If I may interject, do not a large number of farmers buy their own barley and oats and grind it up themselves?

Mr. BROWN: Some do, and some buy it already ground and delivered.

Mr. DYDE: The reason I asked that question was that on page 4 of your brief towards the bottom of the page you mention two costs per ton. You say:

> "Previous to October 22nd grain similar to that which now costs $60.00 per ton could have been purchased for $38 a ton."

That does not quite coincide with our exhibit 98 on mill feed prices. I wonder if you can explain that. Our exhibit 98, which you can look at as I look at it, shows that in October, 1947, barley meal was selling at $54.25. It did go up as high as $71, but it is now down to $62.20. Perhaps your figure of $60 is not very far wrong, but I am wondering where the figure of $38 comes from.

Mr. BROWN: I think maybe that was the amount for the year before, the feeding period in 1946 and 1947.

Mr. BATEMAN: I believe in the summer of 1947 it was down around $38, was it not?

Mr. THATCHER: Would the difference not be that one is barley meal which is processed by a mill and the other is pure barley?

Mr. DYDE: I should like to find out.

Mr. THATCHER: Would that not be the reason for that?

Mr. DYDE: Perhaps it is. How do you buy your feed grains, Mr. Brown?

Mr. BROWN: Well, they are bought in two different ways. Some buy the grain and put it through their own hammer mills or grinders or rollers such as they have. Others buy it ground by the mill and delivered. If you buy in 5-ton lots you can buy this grain ground and delivered for $2 a ton which is cheaper than you can grind it yourself.

Mr. DYDE: According to exhibit 98 I only go back on that to August 2nd, 1947, but the barley meal and chopped oats prices at that time were still the ceiling prices, $52.75 in each case. Was it cheaper than that earlier in the summer time?

Mr. BROWN: I have not the exact figures, but on the two feeding periods comparing 1946 and 1947, speaking from my own personal purchases, and from buying feed, my feed cost me $38 a ton delivered to the farm, my feeding farms, over that period. In this past year, in 1947 and 1948 it cost from $60 to $64 per ton.

Mr. DYDE: You know that from your own purchases?

Mr. BROWN: That is my own purchases.

Mr. DYDE: Unless it is the milling you are not able to explain to me where our figures disagree or why they do?

Mr. BROWN: Taking this into consideration I think this is for the period before the later last year period, the two-year period, like the 1946 and 1947 period, and 1947 and 1948. Have you got your costs in 1946?

Mr. DYDE: No.

Mr. BROWN: You have not the cost there?

Mr. DYDE: You think that may be the explanation, that the $38 is over a longer period including a period back beyond where our exhibit 98 goes?

Mr. BROWN: Yes.

Mr. IRVINE: Are these figures for Ontario?

Mr. DYDE: These figures are for Ontario in exhibit 98, yes. The reason I ask that, Mr. Brown, is that I see from your brief that the cost of grain is a very important part of your costs in feeding cattle, and I wanted to become as accurate as I could about it. You show us that 90 tons of grain at $60 is $5,400, and a variation of a fairly small amount will mean a great variation in the amount when it is multiplied by 90 tons.

Mr. BROWN: That is quite right.

Mr. DYDE: Now, one small question. Is the average weight of a stocker 800 pounds?

Mr. BROWN: From the government statistics, the statistics from Ottawa, we find that the largest number of cattle average around 1,050 pounds. That is for feeder steers. They are sold in the market, but as explained in the brief there are two or three different ways of feeding. Some people buy these cattle from the western rancher and they are finished here and go into a higher weight.

Mr. DYDE: Perhaps I should have put my question this way. What does the Ontario feeder like to get, a stocker, at what weight?

Mr. BROWN: I would say they would run from 800 pounds to 1,100 pounds, according to the type of feeder he has.

Mr. DYDE: So that we cannot fix it as being an average of around 800 pounds?

Mr. BROWN: No.

Mr. DYDE: That is low?

Mr. BROWN: That is low.

Mr. LESAGE: As far as the price of barley, No. 1 feed, is concerned, it looks to me as if we can get it in the Canadian Statistical Review.

Mr. DYDE: I think you may be able to.

Mr. LESAGE: At page 83.

Mr. DYDE: I have one other question with regard to that particular matter, Mr. Brown. In your hypothetical problem you have taken the average price

of a stocker on the Toronto market as $12.52 in November. I notice on your own table in December of 1947 that same animal was $10.65 instead of $12.52. Is December too late to buy one of those animals?

Mr. BROWN: The majority of the feeder cattle are bought in the fall season, any time from August until December. December would be the later end of your purchases.

Mr. DYDE: In August your figures show it was $11.64, in September $11.74, and then it goes up to $12.68 and then down to $12.52. You have not chosen the top figure in your estimate, but also you have not chosen the bottom figure?

Mr. BROWN: No.

Mr. DYDE: Is that a fair average, $12.52, looking at these figures?

Mr. BROWN: Yes. You see your large period of buying is in October.

Mr. DYDE: Yes?

Mr. BROWN: The larger amount of cattle that come in to feed are fed at that time because a lot of people that have no pasture put them directly into the stables in October.

Mr. DYDE: So that a larger portion would have been bought in October?

Mr. BROWN: Yes.

Mr. DYDE: And is December a late buying month for stockers?

Mr. BROWN: Yes.

Mr. DYDE: That is late, is it?

Mr. BROWN: That is late.

Mr. HARKNESS: There is another factor, is there not, that by December anybody who had not bought was holding off. The price of grain was away up to what it had been previously before the ceiling came off, and he was a little nervous in many cases about making any purchases of stockers then?

Mr. BROWN: And another fact there is the better class of cattle are being picked up earlier in the season. When you get into that later part of the season you get cattle that have been culled over to a certain extent.

Mr. DYDE: Going a little further down on that page you draw a comparison between the prices prevailing in 1948 and those in May and June of 1947. You say that the prices in 1948 are little, if any higher than in May and June, 1947. Do you see that sentence?

Mr. BROWN: Yes.

Mr. DYDE: Would it not be fairer to compare the prices in the first two months of 1948 with the prices in the first two months of 1947?

Mr. BROWN: It could be figured out on that basis.

Mr. DYDE: There is a little bit more favourable position in January, 1948, when you compare it with January, 1947, is there not?

Mr. BROWN: Yes.

Mr. DYDE: I notice you have not given us any suggestions or recommendations. Are you in a position to make any suggestions to the committee as to what you think might be done to improve the position?

Mr. BROWN: You mean in the price?

Mr. DYDE: On price?

Mr. BROWN: Let us go to the United States.

Mr. LESAGE: For the producer or the consumer? Which angle do you take, the producer's angle or the consumer's angle?

The CHAIRMAN: What would be the effect of that?

Mr. DYDE: What would be the effect of that?

Mr. Brown: We fully realize the effect of that, that the price to the consumer here would be pretty high. Of course, we are in this position that the cattle market in Canada is divided in a certain way. Pure bred cattle can cross the line and enjoy these high prices. Dairy cattle, and I think a number of milk cows, go to the United States and enjoy these prices, a premium that the beef producer does not get at the present time. We feel that some consideration should be given to the beef producer in this matter because his feeding program, cost of production, this year is higher than any time in our history. The cost of grain has risen so that it has put the beef producer in a higher bracket in producing cattle than in quite a number of years. With the United Kingdom market as it is and the heavy run of cattle it has held those cattle down to the United Kingdom market. Cattle were held over from the last fall throughout the strike period, carried into the winter, and more cattle were being held in the west. The market was held down to the United Kingdom price throughout the winter season.

Mr. Mayhew: Would there be a tendency to sell your steers as baby beef and keep your heifers and sell them as milk cows to the United States? Would there be that kind of switch made?

Mr. Brown: No, not exactly. In the beef type they mostly go in as beef unless they are pure breds.

Mr. Mayhew: It would have to be straight milk cows?

Mr. Brown: Yes, dairy.

Mr. Mayhew: You would have to change your herd?

Mr. Brown: You would have to change your type of cattle.

Mr. Dyde: I am looking at the April 8 issue of the Livestock Market Review. I find there that Canada has exported to the United States in the period from January 1, to April 8, 1948, 16,423 head of dairy cattle. I think you said a minute ago there were other things besides dairy cattle going to the United States. Would you comment on that again?

Mr. Brown: Pure bred cattle.

Mr. Fleming: What was the figure?

Mr. Dyde: 16,423.

Mr. Fleming: In about 13 weeks.

Mr. Brown: Pure bred cattle, that is both dairy and beef, enjoy going across the line without any duty at all. They are in a position to benefit from those prices across the line where the beef producer does not.

Mr. Irvine: You say baby beef cattle.

Mr. Brown: No, pure bred beef and pure bred dairy cattle.

Mr. Harkness: In effect, it is chiefly bulls which are sent over?

Mr. Brown: There are quite a number of milk cows.

Mr. Harkness: But as far as beef—

Mr. Brown: Some females.

Mr. Harkness: But largely bulls.

Mr. Brown: Yes.

Mr. Dyde: Largely bulls, yes, but I have got quite a figure of dairy cattle here.

Mr. Harkness: I mean leaving the dairy cattle aside and taking all beef cattle.

Mr. Dyde: What I wanted to say was this. Have you any information for the committee as to what happens to those dairy cattle when they get across to the United States?

Mr. BROWN: We have nothing definite. It may be I should not even mention it but the fact is some of them end up as beef when they get over there.

Mr. DYDE: Pure bred bulls that go over end up as beef?

Mr. BROWN: From my own observation I imagine there are some of them go over and end up as beef.

Mr. FLEMING: The question might be how soon?

Mr. BROWN: I think the regulation after being exported to the United States is six weeks, but once they get over there it is pretty hard to trace them.

Mr. FLEMING: What you are saying is they are turned into beef quite soon after their arrival. The cows are never milked as dairy cows, and the bulls—

Mr. BROWN: A lot of those young bulls which are being sent over are being bought at less than the American beef price in Canada.

Mr. FLEMING: What about dairy cows? They are not buying them for less than the beef cattle price in the United States, are they?

Mr. BROWN: I did not get that question.

Mr. FLEMING: They are not buying dairy cows at less than the beef cattle price in the United States, are they?

Mr. BROWN: They are paying more for dairy cattle in Canada having regard to the higher prices over there. There are large Holstein bulls and dairy bulls that find their way to the market shortly after they arrive over there.

Mr. DYDE: We had a discussion this morning about the live stock population which you may have heard when Mr. Tummon was on the stand. We were talking about pigs then. Have you conducted any study as to what is happening to the cattle population?

Mr. BROWN: Well, from the information that we have from your government reports since 1945 the population of cattle has been gradually decreasing.

Mr. DYDE: And do you think that population decrease is continuing at the present time?

Mr. BROWN: I would say to a certain extent, yes.

Mr. DYDE: The Dominion Bureau of Statistics show—

The CHAIRMAN: Do they give figures?

Mr. DYDE: I think I can give you some figures. I am quoting from the Dominion Bureau of Statistics, Agricultural Division, Live Stock Survey, December 1, 1947. The number of cattle on farms in Canada at December 1, 1947, is estimated at 8,943,500, a decline of 72,000, or slightly less than 1 per cent from the same date a year earlier. The reductions occurred in Prince Edward Island, Nova Scotia, Quebec, Alberta, and British Columbia. Slight increases took place in the other provinces. Increased marketings since the date of the survey indicate that some liquidation of cattle is taking place. That is the estimate of the Bureau of Statistics. Is it fair to add to that the figures of slaughterings which have taken place since December 1, 1947, to show the trend?

Mr. BROWN: You mean the heavy marketings that have taken place this winter?

Mr. DYDE: Yes.

Mr. BROWN: As I mentioned before I think the strike situation throughout Canada last year held back a lot of cattle. Cattle accumulated to a point where the price structure in the fall dropped back, and a lot of those cattle were carried into the winter. According to the government reports more than twice as many cattle were shipped down from the west into Ontario as in former years, so that those cattle had been held back during the period of the strike, I would say. The strike held the cattle back last year, and they were kept

during the period when the prices were low. I think it was also thought by a lot of the feeders in the west and in the east, too, that the American market possibly might open this spring and they would get the privilege of better prices than they were receiving during the winter.

Mr. DYDE: During the strike period—let me get this clear—a number of the larger plants were tied up, but the smaller independent packer was in business, actively, was he not?

Mr. BROWN: Yes.

Mr. DYDE: And did he not buy much more than he bought previously?

Mr. BROWN: Yes, I would say so.

Mr. DYDE: And your figure of inspected slaughtering during the strike period would not be quite a fair indication, would it, because many of those independent packing houses would not have inspected slaughterings.

Mr. BROWN: That is quite right.

Mr. DYDE: Is that not right?

Mr. BROWN: Yes.

Mr. DYDE: But when we come to a fairly normal period such as the recent weeks when you have the figure of inspected slaughterings it would be a fair indication, would it not, of the marketings?

Mr. BROWN: Yes.

Mr. DYDE: And I notice for instance in the week of March 13, 1948, here on Exhibit 97, we had inspected slaughterings 24,621, as against 19,000, the year previously; and in the week of March 6, inspected slaughterings, we had 24,382, in 1947, as against 17,212, in 1946; and I notice that trend in 1948, inspected slaughterings as against 1947; and all I am asking you is, is there danger that we are depopulating our farms as far as cattle are concerned?

Mr. BROWN: To a certain extent I would say yes.

The CHAIRMAN: How valuable is all that, Mr. Dyde, to our point? It affects the cattle population on the farm. That is a factor, but in so far as price level is concerned it depends on what extent that depopulation has taken place. I do not see how that kind of question and answer would be clear unless we got precise estimates.

Mr. DYDE: I do not think I am going to pursue it further. It seemed to me to be a factor and that was why I asked the questions I did.

The CHAIRMAN: It may be a factor, but how much of a factor is it in the price level question. The answers by the witnesses are honest; but I was just wondering what evidential value this material has.

Mr. FLEMING: I think it is quite important, Mr. Chairman. If we are concerned with the price of beef to the consumer I think that is affected to a certain extent by shrinkage in the population of beef cattle throughout Canada, and I think it is important for us as a committee to know whether those in charge of framing policy have taken that factor of shrinkage into consideration. I think we should know what the present potential is, and whether the country is capable of producing cattle on the former scale. Do you intend to receive evidence of this kind? Is that your intention?

The CHAIRMAN: By no means. If it has any evidential value, of course, we want it on the record. But the point I am making quite seriously, and I suggest perhaps a little more seriously than you intended your question, was just its immediate relation to the reference before us.

Mr. FLEMING: Well, Mr. Chairman, I made my observation very seriously and I will be glad to elaborate on it.

The CHAIRMAN: The mere statement that there is depopulation does not prove anything unless we have some idea of what the extent of that depopulation is. It does not help us directly. That is the point I was trying to make.

Mr. FLEMING: I think it is consistent with the kind of inquiry we have in hand.

The CHAIRMAN: I quite agree, if we can get facts and figures. That is why I put the question to Mr. Dyde; and he said he had no further questions on it, that it satisfied him. Then you came along with your observation. I was just trying to find out what the significance of Mr. Dyde's questions was at this time and from this witness.

Mr. FLEMING: I hope we are going to get more evidence on the actual question of depopulation because I think it is a very material point. If the production of livestock in this country is dropping then it certainly is not going to be very long before it will affect the price on the market.

The CHAIRMAN: Agreed, but I do not think we need to take more time on it just at the moment. I was asking what the percentage was. We can get more detailed information at a more convenient stage.

Mr. DYDE: I think as far as I'm concerned I have asked the witness all he can answer. I do not propose to drop the subject completely. Now, Mr. Brown, can you add anything definite to what we have said about the cattle population?

Mr. BROWN: No, I cannot.

Mr. FLEMING: Would you permit one interruption there, Mr. Dyde? I am interested in a comment that was made just a moment ago, part from your question and part from the answer which was made to it. It relates to marketings in 1947, and I would refer you to the figures shown on page 6. You will see there that the proportion marketed through butchers in 1947, rose considerably while that marketed through packers direct to plants and at country points showed a substantial decrease. They are all attributable to the stray from packing plants?

Mr. MAYHEW: Is not a good deal of that increase in 1947, on account of the fact that formerly very few butchers had permits to slaughter and that slaughtering permits were granted more freely after controls came off?

Mr. FLEMING: But that was at the time of the strike, was it not?

Mr. MAYHEW: It was before the strike.

Mr. BROWN: Yes, that is right. They were held at a certain level too, I think.

Mr. FLEMING: I vas wondering if that was the full explanation of that first line on your table on page 6, of your brief. That one set of figures you see is out of line with the trend of all the other forms of marketing.

Mr. BROWN: Yes, that is quite right.

Mr. FLEMING: I was wondering if the strike was the complete explanation of it; or if it was just a temporary variation of the trend, or something which has more lasting significance?

Mr. BROWN: I think it was the granting of permits to small butchers which came about during the period of the strike.

The CHAIRMAN: All right.

Mr. DYDE: Mr. Brown, this morning we had some discussion with regard to condemnation insurance as related to hogs. Are you familiar with the situation in regard to cattle? With the sale of cattle do you pay condemnation insurance?

Mr. BROWN: Yes, we do.

Mr. DYDE: Do you know the rate at which you pay?

Mr. Brown: Yes, 20 cents a head for heifers and steers, and 50 cents a head on cows.

Mr. Dyde: Do you know the rate of condemnation in cattle in Canada; I mean, the actual condemnation?

Mr. Brown: No, I do not. I have not those figures.

Mr. Dyde: I think I read into the record this morning the figures that were taken from the report of the veterinary director general of the Department of Agriculture—

The Chairman: All less than 1 per cent.

Mr. Dyde: Yes. All percentage figures this morning. I will give you the percentages actually.

The Chairman: But all less than 1 per cent?

Mr. Dyde: Yes, the rate was 0·28 per cent. Now, the figures I take for the same ten years, starting in 1937 and 1938—the cattle percentages, the percentages on cattle killed in Canada—

Mr. Johnston: Are these actual, or estimates?

Mr. Dyde: They are actual.

1937-38	1.25
1938-39	1.38
1939-40	1.69
1940-41	1.37
1941-42	1.36
1942-43	1.18
1943-44	1.07
1944-45	0.98
1945-46	0.94
1946-47	0.80

The situation is improving over a period of years, as these figures show, is it not?

Mr. Brown: Yes.

Mr. Dyde: And, can you give the committee any information about that; and, does your association carry on efforts to reduce the rate of condemnation?

Mr. Brown: We are not in a financial position at the present time to go into any work. We hope to be. We hope to go into a plan the same as the hog men in Ontario and spend some time in work along that line. There is a lot of study on that to be done. To be fair with the packers, I do not know just how far these packers go, the percentage of these cattle that are condemned. They tell us that a large percentage of the livers are condemned. Whether the livers would come into all these cases or not, I do not know.

The Chairman: Would you consider these percentage figures very large?

Mr. Brown: No, I would not say they were large.

Mr. Dyde: No, they are quite small, and improving from year to year.

Mr. Brown: I think the thought is among the producers, that is in the eastern parts, that a number of counties are being tested for T.B. The government has taken on the work in Ontario. I think from the different talks we have had with the veterinary director general it is the shortage of veterinaries at the present time which is holding back this work in a lot of the counties. We have felt that when this work is completed all this condemnation stuff will be cut off, or in any event that is will at least be very small. T.B. seems to be the cause of a large percentage of the loss in these condemned cattle.

The Chairman: Could you give us, Mr. Brown or Mr. Dyde, what the total contributions have been in the way of payments by producers.

Mr. DYDE: No, Mr. Chairman; but I have asked the packers who will appear before the committee to bring that information with regard to their condemnation insurance with them.

The CHAIRMAN: All right.

Mr. DYDE: It may be that I will not be able to get the total for Canada but I think they will be able to give the complete information as to their own condemnation funds.

The CHAIRMAN: Yes.

Mr. FLEMING: May I ask the witness if this is compulsory as far as the packers are concerned, or could you if you wish ship your cattle in and assume the risk of any loss on account of condemnation yourself for any beef that is found to be not fit for human consumption?

Mr. BROWN: I do not just follow. Do you mean, take the loss yourself?

Mr. FLEMING: Take your own, not subject to this condemnation insurance.

Mr. BROWN: I think maybe you could. I do not know. From what I understand from just information that I have gained in years back the cattle breeders—that is the dairy men—with some other breeders called in, made some agreement with the packers with regard to this condemnation thing, that they were allowed to take this off. However, I do not think there is any law or any written agreement to this effect. I think it is just an agreement, word-of-mouth say, between the packers and the cattle producers.

Mr. FLEMING: It is a matter of understanding between them?

Mr. BROWN: Yes, I think that is it.

Mr. FLEMING: Do you know how long that has been in effect?

Mr. BROWN: I am not quite sure. I would not want to say.

Mr. FLEMING: Do you remember a time when it was not in effect, when you bore your own loss on cattle condemned?

Mr. BROWN: No, I do not.

Mr. FLEMING: You do not remember any such time?

Mr. BROWN: No.

Mr. FLEMING: And you have been in the cattle business for some time?

Mr. BROWN: Twenty years or more.

Mr. FLEMING: These agreements have been in effect for more than twenty years?

Mr. BROWN: I would think so, yes.

Mr. FLEMING: Has the rate changed to your knowledge in that time?

Mr. BROWN: No, I do not believe it has. I will not just be sure about Montreal. I believe Montreal is higher than Toronto.

Mr. FLEMING: You are speaking now of the Ontario rate?

Mr. BROWN: Yes, the Toronto rate, what is taken off there.

Mr. DYDE: Do you think these rates vary in each of the provinces?

Mr. BROWN: I could not say.

Mr. FLEMING: Do you know if there has been any considered objections taken by cattle producers to condemnation insurance?

Mr. BROWN: Yes, that has been argued several times.

Mr. FLEMING: Recently?

Mr. BROWN: Yes.

Mr. FLEMING: With what effect?

Mr. BROWN: I think the packers felt that with the cattle being T.B. tested that something should be done along that line with these different counties when

they are T.B. tested, which I think they will be in a short time; and condemnation is doing good work in these different counties. I understand that two or three different counties have been taken on again this year, but they want the complete picture and when it becomes effective over the eastern provinces it will be dropped. That is their feeling as I understand it.

Mr. Irvine: The herds are T.B. tested?

Mr. Brown: Yes. I think they do it on an area basis in each county.

Mr. Mayhew: Where are these condemnations conducted?

Mr. Brown: Just in inspected plants.

Mr. Mayhew: It does not apply generally?

Mr. Brown: Very few at country points, I understand.

Mr. Mayhew: What about the butchers, would they be inspected?

Mr. Brown: Some, the smaller plants. Very few of them though.

Mr. Thatcher: Mr. Chairman, may I proceed for a minute?

The Chairman: For a minute, yes.

Mr. Thatcher: Mr. Bateman, could you tell us—

Mr. Lesage: Would you speak louder, please, gentlemen?

Mr. Thatcher: On October 27, I think it is correct to say price ceilings came off meat, did it not?

Mr. Brown: From meat?

Mr. Thatcher: Yes.

Mr. Lesage: I think you will find it came off on October 22?

Mr. Thatcher: Right, thank you. I suppose the witnesses are also aware that the retail and wholesale prices have gone up fairly substantially since that time?

Mr. Brown: They went up and came down some.

Mr. Thatcher: According to exhibit 94—have you got it there? We will look at the Toronto figures. Under the former ceiling on October 22, it was $25. The latest figure, March 16, was $28.50. I think that is about a 14 per cent increase. Right? Commercial showed an increase of about 19·5, and on cow the increase was about 26·4. Those are just the round figures. So there has been an increase in the wholesale price of meat. Now, on page 3, of your brief are we to take it from your evidence there about the middle of the page that the increase which we have seen in the wholesale and retail price has not been caused by any appreciable rise in the price paid to the producer. Are we to take that from your evidence?

Mr. Brown: The price went up to a certain extent, but our argument there is that the cost of producing the cattle is more than double what it was a year ago.

Mr. Thatcher: You told the committee today that if the consumer was paying substantially more for beef, and I think these tables show that he is, that increase could not be attributed to any appreciable rise in the price paid the producer. That is your statement, is it not?

Mr. Brown: According to figures here on page 3, this is taken from government reports, your January and February prices were $15.21; and, in June, 1947, they were $15.28?

Mr. Thatcher: Yes, I see that; but the point I want to make is, I think I am correct in this, although the price to the consumer for meat has gone up producers at the same time have not benefited particularly from that increase because of the greater cost of feed and labour and things of that nature. Am I correct in that statement?

Mr. Brown: Yes.

Mr. THATCHER: Well, in that case apparently the consumer has been hurt by the price increase and the producer has not benefited particularly from the fact that the ceilings were taken off. Who has benefited, in your opinion, from the fact of the ceilings being taken off? Would it be the packer who benefited, or who is it?

Mr. FLEMING: The C.C.F.

Mr. LESAGE: Yes, the C.C.F.

Mr. BROWN: That question is very hard to pin down, in this way, that we haven't any figures on the retail.

Mr. THATCHER: In other words, the beef growers have not benefited?

Mr. BROWN: No.

Mr. IRVINE: It is our job to find out anyway.

Mr. LESAGE: On this very point, the price of steers in November 1947 was $13.51 was it not?

Mr. THATCHER: Yes, that is right.

Mr. LESAGE: And in February it was $15.29?

Mr. THATCHER: Yes.

Mr. LESAGE: That is a difference of $1.78.

Mr. THATCHER: Stockers are less, you will notice.

Mr. LESAGE: $1.78 is roughly 14 per cent of $13.51.

Mr. IRVINE: You have to compare the cost of the stockers and the feeders?

Mr. THATCHER: Yes, your stockers are much less, and the percentage is less.

Mr. LESAGE: The price went down to $10.65 in December.

Mr. HARKNESS: It depends on what figure you take.

Mr. THATCHER: The month before the ceiling came off it was $12.68 and in February it jumped to $13.22.

Mr. LESAGE: As far as steers are concerned it is $13.22, the figure you gave.

Mr. THATCHER: The increase for cows was 26·4 per cent and for commercial it was 19½ per cent; however, I will accept the statement of the witness.

Mr. LESAGE: I have no objection, but I am drawing it to your attention. On this question of prices of meat, what is the price of steers on the Chicago or New York market at the present time?

Mr. DYDE: Exhibit No. 93 would be the only thing we have, and you should refer there to the document lettered "N".

Mr. LESAGES Yes.

Mr. DYDE: It deals with the per hundred weight on the left hand side of the page.

Mr. LESAGE: It would be 27½ cents or something like that in February, is that correct?

Mr. BROWN: The price was up and down over there. The price went up to 41 cents, live weight, and dropped back about 7 or 8 cents. Then the strike took place over there and the price went up again. I could not tell you what the price is today but I would imagine it is around 34 or 35 cents for the top price. I would not want to give that as an exact figure however.

Mr. LESAGE: Which is more than double the Canadian price?

Mr. BROWN: Yes.

Mr. LESAGE: And there is no doubt that if the embargo on beef was lifted the Canadian price would immediately adjust to the American price?

Mr. Brown: We have found that Canadian cattle shipped to the United States are fed a little differently. They are not fed as heavily on grain and they are sold 3 or 4 cents under the market price.

Mr. Lesage: If the American market price is 34 cents that would mean the Canadian price would be 30 cents?

Mr. Brown: Yes.

Mr. Lesage: And the Canadian domestic price would go up to 30 cents if the embargo was lifted?

Mr. Brown: You would have the duty of 1½ cents.

Mr. Lesage: It would not be quite 30 cents but the price would go up to something like 28 cents.

Mr. Brown: Yes.

Mr. Lesage: Which would mean an increase in price of approximately 90 per cent.

Mr. Brown: We would have some additional freight rates at the present time.

Mr. Lesage: Yes. Can we agree on 75 per cent?

Mr. Brown: I beg pardon?

Mr. Lesage: It would mean an increase in price of beef on the Canadian market for Canadian consumers of 75 per cent?

The Witness: A rise in price?

Mr. Lesage: Yes.

The Witness: I would have to figure that out.

Mr. Lesage: It would be approximately that.

Mr. Mayhew: Are you quoting retail prices?

Mr. Lesage: I am talking about either wholesale or retail prices—if there is a distinction to be made I do not know, as I am not an expert in asking questions regarding these matters.

Mr. Fleming: Do not be too modest.

Mr. Brown: When the price ceiling was lifted there was a great variation in prices throughout the country from the retail standpoint. I think the newspaper prices were not consistent with the average retailer and the prices quoted in the newspaper have done a lot of harm to the beef trade.

Mr. Lesage: There is no doubt the lifting of the embargo would have the effect of taking beef from the Canadian market, even with the adjustment for freight rates and customs?

Mr. Brown: Yes.

Mr. Lesage: So from the consumers' standpoint this embargo is not a bad thing.

Mr. Brown: It is not a bad thing—?

Mr. Lesage: It is good for the Canadian consumer.

Mr. Brown: They would have to pay more for beef.

Mr. Lesage: They would have to pay much more for beef if the embargo was lifted.

Mr. Brown: Oh, you mean the embargo is a good thing for the consumer at the present time?

The Chairman: It is a good thing for the consumer?

Mr. Brown: It is a good thing for the consumer, yes.

Mr. Lesage: There is no doubt about that.

The CHAIRMAN: In fairness to Mr. Brown I would point out that he made that statement a long while ago.

Mr. LESAGE: I am trying to find out whether it would be a 75 per cent increase in the cost of beef? Even now the housewives are complaining about prices of beef and if we had an increase of 75 per cent that would just be terrible.

Mr. FLEMING: That would bring about the defeat of the government.

Mr. LESAGE: Oh, I do not know.

Mr. FLEMING: On top of the freight rates?

The CHAIRMAN: I do not know that these hopeful observations help us as far as the evidence is concerned, Mr. Fleming. The comment may give you some comfort but I do not think it assists us.

Mr. FLEMING: Let me be the judge of that.

Mr. MAYHEW: When comparing the price of beef in the United States and in Canada, you cannot just compare the prices at the plants in Winnipeg or Toronto with the market in Chicago or New York. You cannot compare the retail prices in the United States because they have different cuts and you have to take the carcass on the hoof at some given point in order to make a comparison.

Mr. LESAGE: I appreciate that fact Mr. Mayhew.

Mr. MAYHEW: Yes, but it is wrong to leave the impression that the United States price of beef is 100 per cent over the price in Canada and that statement would hardly be borne out. If you took the rate on the hoof at some given point in the United States and Canada the difference would not be 100 per cent?

Mr. LESAGE: No, I do not believe it would be 100 per cent.

Mr. MAYHEW: It would probably be 35 or 40 per cent.

Mr. LESAGE: Pardon me?

Mr. MAYHEW: It would probably be about 35 or 40 per cent.

Mr. HARKNESS: Mr. Lesage has said indirectly that the beef producer is subsidizing the Canadian consumer to the extent of about 75 per cent of the price.

The CHAIRMAN: We do not know what the percentage figure is.

Mr. HARKNESS: Whatever figure Mr. Lesage has agreed upon is all right with me.

The CHAIRMAN: Mr. McCubbin has been very silent on this matter.

Mr. MCCUBBIN: The statements Mr. Lesage has been making are very true. The producer is subsidizing the consumer.

Mr. HARKNESS: I do not believe the statement; I am just giving it in more definite language.

The CHAIRMAN: It is a very interesting observation.

Mr. THATCHER: Do you think that is a good thing?

Mr. LESAGE: It is a matter of argument.

The CHAIRMAN: Let us stop this school play and go to work.

Mr. WINTERS: There is a question which I have to ask regarding page 2 of the brief. The first sentence reads: "Furthermore cattle are considered the most economical medium through which cereal grains may be merchandised." I do not understand that sentence and I wonder if the witness could explain?

Mr. BROWN: That is one type of feeding. In all types of feeding of beef cattle you use a certain amount of roughage. Hogs are all grain fed but in feeding beef cattle you use a certain amount of roughage and the grain consumption for beef cattle feeding is not nearly as high as it is for hogs.

Mr. WINTERS: How do you relate that fact to the statement?

Mr. IRVINE: You get more for your grain by feeding it to a steer than you do if you sell it on the market or feed it to a hog.

The CHAIRMAN: You get the best results there.

Mr. WINTERS: Is that the way you would answer Mr. Brown? Would you answer as Mr. Irvine has explained?

Mr. BROWN: I did not catch his statement.

Mr. IRVINE: I say that the meaning of that statement is that you get more for your grain and roughage by feeding it to cattle than you would do if you sold it on the market or fed it to a hog.

Mr. BROWN: The way a good farmer looks at feeding cattle is that he must have that manure to build up his land. By feeding it you put some of it back on your land as well as gaining on your cattle. If you sell everything off the farm you soon get the farm into a condition where you do not carry on in an efficient manner.

Mr. WINTERS: Do most producers in Ontario grow their own feeds?

Mr. BROWN: A large percentage of them grow most of their own feed. Last year the weather conditions were very unfavourable to the farmer throughout the province, I think as far east as Quebec, and only a very small percentage of grain was grown. We did not have a quarter of the average grain in our section last year and some farmers had no grain at all.

Mr. WINTERS: You actually had to purchase grain?

Mr. BROWN: Yes.

Mr. WINTERS: Does that apply to silage?

Mr. BROWN: Hay was a very good crop but the silage crop was down.

Mr. WINTERS: How would you arrive at these figures you quote here for silage and hay? Are those the prices you would pay on the open market or are they growing costs if you produced that hay and silage yourself?

Mr. BROWN: That was the estimated cost of the feed at that time.

Mr. HARKNESS: I was wondering about those estimates. Was hay actually procurable at $16 a ton last fall in Ontario?

Mr. BROWN: That was the price of hay in the barns. If you bought baled hay it would cost $20 or $22.

Mr. HARKNESS: That is what I thought and it seemed to me that figure was rather low. The man who had to buy his hay would not get it at $16 a ton in the barn?

Mr. BROWN: No, he would not but it would run around $16 a ton in his barn if he were going to sell it.

Mr. HARKNESS: You put this on the basis of what the farmer might sell his hay for?

Mr. BROWN: Yes, we did. I might mention labour which is given as $2.50 per day, and I do not think you could get a man at that rate.

Mr. HARKNESS: I do not think so either, especially a man who would be feeding 100 head of cattle.

Mr. MCCUBBIN: It looks to me as if they tried to be very fair in the figures which they have given.

Mr. HARKNESS: As a matter of fact I was going to ask about those figures because it seems to me apart from grain, and in that connection from the little figuring I have done here grain appears a trifle high, the silage and hay figures seemed to be low. Labour, from my own experience, is much higher than the figure given here.

Mr. BROWN: That is right.

Mr. HARKNESS: And you have not taken into consideration the fact that in a 100 cattle you might lose 1 or 2 which would cost you $300 or $400.

Mr. BROWN: That is true, and interest on the investment was omitted.

Mr. HARKNESS: It seemed to me that your figures, with the possible exception of grain, were low.

Mr. BROWN: We tried to present figures on a basis where you could not argue that we were overloading our estimates.

The CHAIRMAN: You have certainly not overloaded your estimates.

Mr. HARKNESS: I would just like to point out that I do not think these figures could be taken as typical and the average feeder's costs would be higher.

The CHAIRMAN: That is agreed.

Mr. FLEMING: With respect to the illustration given on page 3 you have taken prices prevailing at the present time. Did you make any study on earlier dates—for instance just prior to the removal of subsidies and ceilings, and in addition at a period half-way between the removal of subsidies and the present time?

Mr. BROWN: Our feeding period started last October and November and went through this period of high costs of grain. We did not calculate the costs a year ago and we perhaps should have given that figure.

Mr. FLEMING: I am wondering if you have any figures that would give us a basis of comparison with the 1st of October last?

Mr. BROWN: No, we have not. The period from May to October is a grass period.

Mr. FLEMING: It is not comparable?

Mr. BROWN: No.

Mr. FLEMING: You could not get a comparable period?

Mr. BROWN: No.

Mr. FLEMING: You would have to go back to the same period a year ago to get a fair basis of comparison?

Mr. BROWN: Yes.

Mr. FLEMING: Have you any figures with respect to the same period a year ago?

Mr. BROWN: No.

Mr. FLEMING: Have you any reason to assume that beef production was operating at a loss to the producer a year ago? Your statement indicates that is the case now.

Mr. BROWN: We were in a different position a year ago. At the start of the brief we mention that 2 cents per pound would be an average gain which would show a profit to the producer during a period when the producer had his own grain and did not have to purchase grain, but this year grain went up about 80 per cent. Our cost went up 80 per cent and we had less grain of our own. We are in a different position this period than in any year I can recall.

Mr. FLEMING: You are not in a position, without further study, to give the committee any view or opinion as to how well off the beef producer was a year ago, in comparison to his position as illustrated on page 3 of your statement?

Mr. BROWN: No, we are not in a position to do that.

The CHAIRMAN: Are there any other questions?

Mr. HARKNESS: Yes. Do you think the present relationship between the price of cattle and the price of grain is such that feeders are going to continue their operations, or are they going to curtail their operations?

Mr. BROWN: I can only speak for myself. I know that if I feed cattle next year it will be on a different basis to that on which I am operating this year. We are all gamblers in the beef market; we gambled that the American market might open up; we gambled that not many people would pay this price for feed, but in fact many thousands did pay that price and that put us in a very different position. Unless we have better crops I do not think there will be as many cattle fed next year as there are being fed this year.

Mr. HARKNESS: In other words you believe that if conditions remain the same feeding will be curtailed?

Mr. BROWN: There is no doubt about that.

Mr. HARKNESS: And therefore the supply of beef will be less?

Mr. BROWN: We just cannot carry on under this present system.

Mr. HARKNESS: On page 3 of your statement you say "Similarly, there is reason to believe that the same favourable relationship will exist during the present feeding season. This situation has been created as a result of U.K. contracts, whereby prices were announced well in advance and producers thereby enabled to purchase accordingly".

I do not understand that statement in view of the fact the present prices were not announced until January 2 of this year. As a matter of fact, my own experience last fall leads me to believe it was rather a chaotic condition due to the fact people did not know what the price might be, and the relationship which existed then between the price of cattle and the price of grain was very bad.

Mr. BROWN: I think I said a few minutes ago that it was a gamble that the American market might open, and I believe that thought was in the minds of a great number of feeders and if it had not been in their minds the number of marketable cattle would be considerably smaller than it is at the present time.

Mr. HARKNESS: I do not understand the words "This situation has been created as the result of the U.K. contracts whereby prices were announced well in advance and producers thereby enabled to purchase accordingly". That, as far as I know, was not the case, but there was actually a rather chaotic situation last fall and early winter.

Mr. BROWN: That paragraph is not phrased correctly to fit the picture.

Mr. HARKNESS: No, in other words that paragraph is really not correct?

Mr. BROWN: It is not just as it should be.

Mr. HARKNESS: And similarly, on page 6 the same thing appears: "Before concluding it is only fair to state that the U.K. contract system of mechandising has lent a great deal of stability to the industry. Producers appreciate this feature. Cattle production programs cannot be consummated as rapidly as in the case of hogs or poultry."

Similarly it seems to me the U.K. contract has not given the stability which would enable a man to breed his cows this year and know what he is going to get for them three years from now when he sells those cattle?

Mr. BROWN: I think what was meant there was that the U.K. contract steadied the market to the extent that the floor was there as well as the ceiling. Throughout the war the better class beef sold very readily. Red brand and blue brand beef was picked up as fast as it was marketed but I understand since then, with the new prices, there was a change and the lower class of beef was being purchased more regularly than the better class of beef. The U.K. contracts steadied the price on the market here in that prices did not drop below those contract prices.

Mr. HARKNESS: Well, you said you had a floor which was also essentially a ceiling, and the price stayed fairly close to that figure?

Mr. BROWN: Yes.

Mr. HARKNESS: That is quite correct, but as far as the U.K. contract having given stability to the market is concerned, I just cannot see the contention that you could depend on what you were getting when you marketed your cattle?

Mr. BROWN: There was a period when meat was not selling and a large amount of meat was stored away for export. If that market had not been in existence at the time the price might have dropped lower.

Mr. HARKNESS: Yes, but that U.K. contract was put in as a substitute for the United States market where the export ban had been instituted?

Mr. BROWN: That is right.

Mr. HARKNESS: The point I was getting at is real stability in our beef market is when we know we are assured of a market for our high quality beef.

Mr. BROWN: That is right.

Mr. HARKNESS: What is your opinion as to where, in the long-range outlook for that high quality beef, a market will be found at a profitable price?

Mr. BROWN: We have always enjoyed the American market which has taken our better class of beef. Throughout the period before 1942 all better class steers were shipped—I should not say all, but a large percentage of the better class steers were shipped—to the United States, and our beef producers realize that is our logical market.

Mr. IRVINE: Were the producers shipping beef to the United States in 1932?

Mr. BROWN: I do not just remember what occurred at that date.

Mr. IRVINE: You were not getting very much per pound at that time, and I was just wondering whether that was the reason?

Mr. DYDE: Mr. Harkness used a phrase just now—perhaps you should answer Mr. Irvine's question regarding 1932 first?

Mr. BROWN: I would not want to give a definite answer.

Mr. DYDE: There was a phrase used by Mr. Harkness when he said there was a "floor which was essentially a ceiling". I wonder if that is correct? The domestic price for beef is higher than the U.K. price? The figure is a floor price which the Canadian surplus is guaranteed but it is not a ceiling price. Is that it?

Mr. BROWN: I do not think there is any domestic price on that.

Mr. DYDE: I am not asking that. I am not sure.

Mr. BROWN: No. I think there is an export price.

Mr. DYDE: No, no. The ceiling price on the domestic market is actually higher than that being paid on exporting?

Mr. BROWN: Throughout that period, from the first of February on, I understand that a large amount of red brand beef was sold at the ceiling price.

Mr. McCUBBIN: Not at the ceiling, at the floor price. There is no ceiling on meat.

Mr. BROWN: No.

Mr. McCUBBIN: So it was floor, not ceiling?

Mr. BROWN: Not at the export price.

Mr. McCUBBIN: But when the domestic market is the same as the export market, the export market operates as a floor to the domestic market price. Is that not so?

Mr. BROWN: Yes.

Mr. HARKNESS: So that in fact to a large extent the floor price becomes the ceiling price.

Mr. DYDE: If he is correct your statement is correct, Mr. Harkness.

Mr. McCUBBIN: Isn't that a good thing, Mr. Harkness?

Mr. HARKNESS: I do not think so; no.

Mr. McCUBBIN: All right.

Mr. HARKNESS: Speaking along the lines of what we are discussing before as to our market for cattle in the United States; have you any fear of losing the market in the future if this export ban is continued?

Mr. BROWN: We have been worrying about that for some time.

Mr. HARKNESS: What is your opinion on that matter?

Mr. BROWN: My opinion is that we will eventually get into that market and we might get in for a short time.

Mr. HARKNESS: What I was thinking of is this, if we do not get into that market in the next year or two years do you think there is any great danger of our not being able to get into it when, let us say, we want to get into it?

Mr. LESAGE: Mr. Chairman, are we studying the future of the beef industry? Is that our reference?

The CHAIRMAN: I do not think that is really a proper question. I think on reflection you agree with me on that, Mr. Harkness.

Mr. HARKNESS: I think it is pertinent to this beef cattle production showing what the situation is likely to be.

The CHAIRMAN: I do not see how that would affect the rise in price levels.

Mr. HARKNESS: I think it is going to affect it very materially, Mr. Chairman.

The CHAIRMAN: If you will look at our terms of reference. I would say that you are taking us rather far afield.

Mr. HARKNESS: I wonder if the witness would answer that question.

Mr. BROWN: I am not in a position to say. Your guess on that would be just as good as mine.

Mr. HARKNESS: I think when we get the western beef producers here you will get a very definite opinion on it, and I wondered if the eastern beef producers had the same opinion as the western beef producers have on it.

Mr. BROWN: We would like to go in at a time when we are going to stay in.

The CHAIRMAN: We will deal with that problem in another committee with another term of reference.

Mr. DYDE: I have one small question, Mr. Brown, before I am finished; and that is with reference to your association: Have you ever attempted any study whatever of the spread between the price which the producer gets and the price which the consumer pays? Have you ever conducted a study on that at all?

Mr. BROWN: No, we have not.

The CHAIRMAN: Thank you, gentlemen. Next witness.

Mr. DYDE: I am sorry to say, Mr. Chairman, that the next witnesses are not ready to be called at the moment because of unavoidable delay we have had in preparing the mimeographed copy of their brief. Let me say that it was no fault of theirs.

Mr. CHAIRMAN: We will adjourn.

Mr. FLEMING: That is the best decision you have made today, Mr. Chairman.

The committee adjourned.

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SESSION 1947-48

HOUSE OF COMMONS

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SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 41

TUESDAY, APRIL 20, 1948

WITNESSES:

Mr. H. W. Allen, President, Alberta Live Stock Co-Operative, Limited, and Director, United Grain Growers' Limited, Huallen, Alberta.

Mr. H. J. Hargrave, Assistant Superintendent, Dominion Experimental Station, Swift Current, Sask.

Mr. G. G. Ross, Rancher, Aden, Alberta.

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1948

MINUTES OF PROCEEDINGS

TUESDAY, April 20, 1948.

The Special Committee on Prices met at 11.00 a.m. the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Fleming, Harkness, Irvine, Johnston, Lesage, Martin, Maybank, Mayhew, McCubbin, Merritt, Pinard, Thatcher, Winters.

Mr. H. A. Dyde K.C., Counsel to the Committee, in attendance.

Counsel filed,

Exhibit No. 101—Supplementary statement to Exhibit 94, showing Halifax prices of beef and pork. *(Printed in Appendix to this day's Minutes of Proceedings and Evidence).*

Mr. H. W. Allen, President, Alberta Live Stock Co-operative Limited, and Director, United Growers' Limited, Huallen, Alberta, was called, sworn and examined.

During proceedings, Mr. Irvine took the Chair in the temporary absence of the Vice-Chairman.

At 1.00 p.m. witness retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Fleming, Harkness, Irvine, Johnston, Lesage, Maybank, McCubbin, Merritt, Pinard, Thatcher, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. Allen was recalled and further examined.

During proceedings, Mr. McCubbin took the Chair in the temporary absence of the Vice-Chairman.

Witness discharged.

Mr. H. J. Hargrave, Assistant Superintendent, Dominion Experimental Station, Swift Current, Sask., was called, sworn and examined.

Witness discharged.

On motion of Mr. Harkness,

Resolved,—That Mr. G. G. Ross, Rancher, Aden, Alberta, be called at this time.

Mr. Ross, was then called, sworn and examined.

At 6.00 p.m., witness retired and the Committee adjourned until Wednesday, April 21, at 4:00 p.m.

R. ARSENAULT,
Clerk of the Committee.

10944—1½

MINUTES OF EVIDENCE

House of Commons,
April 20, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Vice-Chairman, Mr. R. Maybank, presided.

The Vice-Chairman: I see a quorum, gentlemen.

Mr. Dyde: Mr. Chairman, I believe Mr. Winters requested a set of comparative prices with respect to Halifax, similar to those which we have in exhibit 94. Before calling the first witness I would therefore file an addition to exhibit 94 which will have a new number, being exhibit No. 101. This exhibit will be printed as an Appendix to today's proceedings.

Hugh W. Allen, President of the Alberta Livestock Co-operative Limited, Edmonton, Alberta, and Director of the United Grain Growers' Limited, Winnipeg, Manitoba, called and sworn:

By Mr. Dyde:

Q. Would you give your full name, Mr. Allen?—A. Hugh W. Allen.

Q. And your post office address?—A. Huallen, Alberta.

Q. And do you operate a farm in that area?—A. I do.

Q. Would you tell the committee the size of the farm?—A. Approximately 1,000 acres.

Q. And do you raise hogs on the farm?—A. Yes.

Q. Have you done so for a good many years?—A. For the last seven or eight years I have marketed about 200 hogs a year.

Q. In addition to operating a farm do you hold an office with the Alberta Live Stock Co-operative Limited?—A. Yes, I am chairman of the board.

Q. Would you describe to the committee just what the Alberta Live Stock Co-operative Limited is? Perhaps that information is in the brief?—A. I have outlined that information in the introduction of the brief.

Q. Perhaps then I should ask you to read the brief to the committee?

The Vice-Chairman: Yes.

The Witness:

BRIEF SUBMITTED TO THE SPECIAL COMMITTEE ON PRICES HOUSE OF COMMONS, BY H. W. ALLEN, PRESIDENT OF THE ALBERTA LIVE STOCK CO-OPERATIVE LIMITED, EDMONTON, ALBERTA, AND DIRECTOR OF THE UNITED GRAIN GROWERS' LIMITED, WINNIPEG, MANITOBA

The Alberta Live Stock Co-operative Limited is a producers marketing organization set up under the Co-operative Associations Act of the province of Alberta. It operates as a commission firm on public stock yards in Edmonton and Calgary. It is also the selling agency for some forty-seven local co-operative live stock marketing associations scattered across the province, selling the live stock consigned to it by them either on the public stock yards or directly to

packers and other buyers. It handles approximately 30 per cent of the total hog marketings of the province as well as a considerable part of other classes of live stock. In conjunction with the Dominion and Provincial Live Stock Divisions, it has promoted the increase of swine production and the improvement of breeding stock since its inception in 1941.

Swine production in western Canada

The collapse of grain prices in the early 30's did more than anything else to impress on western Canadian farmers the possibilities of increased hog production. Previous to that time, the volume of pork products processed in western Canada was slightly more than what could be absorbed in the domestic market, and the type and breed of animal was not suited, generally speaking, for export to the British market. A continuous campaign for improved breeding stock has, over the years, completely altered this picture, and to-day, while the percentage of A grade carcasses inspected in western Canada does not compare with the percentage in eastern Canada, nevertheless a greatly improved uniform production has been attained, and it is only a question of wider distribution of better types of registered breeding stock being distributed in order to bring the quality of western hogs in line with those of eastern Canada. Considering the variety of lard-type hogs brought in mainly from the United States, and which were distributed through the west when this movement started, it has been a very creditable effort and reflects a great deal of credit to the department officials who were behind it.

The big increase in western production came, of course, at the outbreak of the war, and was brought about not only by the urge to greater meat production, but also by the fact that huge quantities of wheat and coarse grains were stored all across western Canada, not only in the elevators of grain companies, but on practically every farm. Deliveries of grain were on a quota basis, and export for a time was almost at a standstill. To relieve his financial position the western farmer everywhere turned to hog production. The foregoing statement is well substantiated by the production figures for the years 1939 and on. See table 1.

It will be seen from production figures that the province of Alberta, which had, during the 30's, worked into a position second to Ontario, very rapidly went into the lead in the early 40's under the pressure of grain held in storage, and which could not be moved. In 1943-44 and 45, Alberta led all other provinces with production figures greater than had ever been attained before. In 1946 and 1947 western production slumped because of a number of factors, chief among them the improvement in grain prices and the strong export demand for grain of every kind. The western farmer to-day is in the process of making up his mind as to the future possibilities of the industry and the degree of stability which it may in the future hold. He is plagued at the present time with a variety of obstacles, such as a great shortage, almost a total lack, of farm labour, fluctuations in grain prices, and changes in export policy, and it is too early yet for anyone to say with authority that western Canada will go back to large scale production such as that attained in 1944 or not.

For the ten years preceding the war there was a surplus of agricultural products which generally speaking could not be moved, and which resulted in the depressed prices of the 30's. That fact has never left the farmer's mind, and he will be very careful in committing himself to a production program that might lead again into a similar impasse. There are, nevertheless, certain agricultural products which can be produced in Canada of a quality and at a price which cannot be surpassed by any other country, and it would seem the part of wisdom for the producer to concentrate on these particular products. Wheat and bacon lead this list, and given equal opportunity with other countries in competing for world markets, Canadian farmers need have no misgivings. They have been greatly disturbed recently, however, with the possibility that trade agreements may limit the amount of their export and make it impossible to enter markets

which in the past have been open to them. It was stated only a year or so ago by a man prominent in the packing industry that Canada should have a hog production program which would permit the export of from three to four hundred million pounds of bacon ever year. There was no question in his mind that the demand for it would exist in Great Britain for an indefinite period, and that Canada should be prepared to hold the British market which they had entered in a big way during the war.

Canadian producers have been rather shaken in the last few months by thinly veiled suggestions that owing to exchange difficulties the British market may be perhaps not entirely closed to us, but its demand so reduced that it could not absorb anything like the volume moved overseas a few years ago. It is to be hoped that this suggestion is entirely wrong.

The average Canadian cannot understand why certain products which can be produced in Canada to better advantage than in any other exporting country should not be given first consideration in all trade negotiations with other countries. Surely the future of Canada as a trading nation must depend on the encouragement of production of those things which can be produced to the greatest advantage, and bacon for export beyond question is one of the leading commodities.

In Alberta the live stock producers and other marketing associations were greatly disturbed early in the year when so-called consumer's strikes developed in several of the large cities. In Alberta there was a great deal of evidence of consumer resistance against meat prices, but in the west coast cities, which get their supply of fresh meat from Alberta, this resistance developed to a point where the movement of live stock was completely paralysed for a period of several weeks. For instance, the Alberta Live Stock Co-operatives Limited, during the last three months of 1947, shipped a weekly average of 21 carloads of live stock, mainly hogs and cattle, to Vancouver. In January, when the consumer strike gained strength in the coast cities, there was no movement whatever of live stock from Alberta for several weeks, and the effect of the strike was felt for over two months. Only the fact that the export market absorbed the amount of stock that ordinarily went into domestic channels preserved the price level, and saved producers who delivered stock at that time from disastrous losses. It is understood that in other provinces prices did break and considerable loss was taken on stock delivered during that period.

The live stock producer feels very strongly that he was fully entitled to the increase in prices which went into effect at the first of the year. More than that, he feels that Canadian consumers have been subsidized out of the pockets of producers all during the war, and that even yet live stock prices to producer are comparatively lower than his cost, and the producer feels that meat prices, because of the prominent part they play in every family's budget and because of their position, so to speak, up in front, they have become a target for criticism, much of it entirely unjustified. It may be that in some instances retail meat prices may have become unreasonably high, but there is no evidence that the producer of the live stock at any time received a price for his product equal to the price that he could have got for it on the so-called world market and at prices which were being offered in other countries.

Hog production costs are calculated in different ways in the various provinces, and every producer has his own way of figuring out what the advantages in his own individual case may be in increasing production or in going out of it altogether. In Ontario, apparently, the average producer buys most or all of his feed, and for him a table of costs has to be worked out which includes every expense direct and indirect which may enter into production. In western Canada, the average farmer has a much simpler rule that decides him. He simply compares the price which he could get for a bushel of feed grain at the elevator to the price which he figures he gets by marketing it through hogs, and the comparison of those prices decides him. The attached table of com-

parative prices shows what has happened in Alberta over a period years. This is generally known as the hog-barley ratio, and is used to measure the relative prosperity of hog production. At the present time the hog-barley ratio, stands at 17·5, which means that 17·5 is the number of bushels of No. 1 feed barley needed to equal in value 100 lbs. of live B1 hogs, both prices at Winnipeg. The average over a long period of years has been figured out as between 18 and 18·5. When the ratio is below that figure, the odds are against increased production. When the ration is above that figure, a movement toward increased production can be expected.

There are several questions which might well be investigated by this committee, and the following suggestions are offered as to lines along which inquiry should be made and publicity given to matters which are puzzling both consumers and producers of live stock products.

1. What are the actual facts as to increases in retail prices on both fresh and cured meat? How much of these increases are due to increases of prices paid to the producer of live stock and how much due to other factors such as retail costs entailed by slicing and packaging?

2. The movement of feed grain from western to eastern Canada, the justification for the government subsidizing it, and the actual costs of distributing the feed grain in eastern Canada?

3. The extent to which the scarcity of farm labour has increased costs of production or cut down production, and the possibilities of easing the farm labour situation?

4. Extent to which transportation costs of live stock enter into the picture, particularly in view of the recent increase in freight rates?

5. The extent to which the buying practices of the packing industry affect the price to producer, and encourage or discourage production, coupled with this the advisability of dominion marketing legislation which would allow the imposition of uniform buying price and costs on the live stock industry similar to those under which grain marketing now operates?

6. The extent to which dominion government grading regulations hamper the free movement of live hogs to various parts of Canada, and the extent to which this affects domestic prices?

All of which is respectfully submitted:

Ottawa, Ontario,
April 20, 1948.

TABLE 1
HOG GRADING BY PROVINCE OF ORIGIN

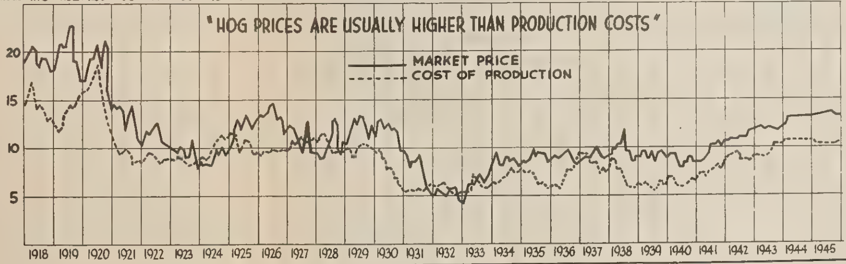
Province	1939	1944	1945	1946	1947	1947 as per cent of 1946
	No.	No.	No.	No.	No.	%
British Columbia	*	50,255	36,276	22,015	16,357	74·2
Alberta	979,898	2,981,940	1,946,114	1,250,602	1,105,222	88·4
Saskatchewan	312,188	1,934,112	942,916	513,776	434,849	84·6
Manitoba	327,212	851,994	486,630	345,229	309,261	89·5
Ontario	1,667,991	2,108,734	1,806,668	1,769,437	2,091,329	118·2
Quebec	336,575	789,325	535,265	478,322	699,568	146·3
New Brunswick	27,402	51,979	33,776	25,100	33,947	135·2
Nova Scotia	6,524	25,951	13,205	3,242	6,535	201·5
Prince Edward Island	48,389	68,888	60,223	53,013	58,903	111·1
Canada	3,706,179	8,863,178	5,861,073	4,460,736	4,755,971	106·6

* Not reported.

GRAIN CAN BE SOLD THROUGH HOGS AT HIGHER PRICES

SELLING PRICE OF A BUSHEL OF BARLEY

AT ELEVATOR	1.15	1.06	1.35	.59	.45	.39	.61	.65	.47	.65	.62	.54	.24	.16	.18	.17	.31	.25	.33	.51	.31	.22	.29	.37	.47	.55	.67	.69
THROUGH HOGS	1.73	1.82	1.63	.96	.77	.53	.43	.91	1.01	.72	.67	.86	.77	.29	.15	.24	.57	.59	.60	.64	.72	.66	.60	.68	.79	.90	.99	1.05



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Mr. DYDE: Mr. Chairman, I think that I should speak now about the printing of the graph which is the last page of Mr. Allen's brief. We will go through the brief covering such questions as may arise in the earlier pages of the brief but we will not at this time deal with the graph.

The VICE-CHAIRMAN: Before proceeding the clerk has drawn my attention to the fact that the printing, which we desire at the earliest possible moment, may be delayed because of the graph.

Mr. DYDE: Mr. Chairman, perhaps I can help in that respect? I believe I could take Mr. Allen over the graph in such a way that it might not require printing.

Mr. JOHNSTON: Table 1 could be printed as if it had been read.

The VICE-CHAIRMAN: Yes, table 1 is all right but it is the question of printing the graph and avoiding delay.

By Mr. Dyde:

Q. You understand our problem of printing, Mr. Allen, and perhaps you could tell the committee what the graph shows?—A. Briefly, it illustrates the point I raised as to how the western farmer decides what profit he can make on his grain.

Q. Now you have shown a number of prices on that graph. You show, for instance, the selling price of a bushel of barley related to the cost of production and the market price, and what that graph actually does is to prove that your statement in the brief, as to the long-term hog-barley ratio, is correct?—A. Yes, briefly that is what it does.

The VICE-CHAIRMAN: The statement on it is in quotation marks and is included in your brief—"hog prices show higher production costs".

Mr. THATCHER: Would Mr. Allen have figures to extend the graph for the next two years? I would like to get the hog-barley ratio for 1946 and 1947.

The WITNESS: I have not got that information. This graph was taken from a publication put out by the Alberta Department of Agriculture and I wished to use it as published rather than to add any figures of my own.

Mr. THATCHER: Have you any figures as to the monthly ratio for 1947?

The WITNESS: No, I have not.

Mr. DYDE: I may be able to help the committee in that respect.

Mr. IRVINE: What does the market price mean? Is it the price of barley or the price of hogs, or both? I am speaking now of the market price shown on the graph.

The VICE-CHAIRMAN: You are referring to where it says "market price".

Mr. IRVINE: The heavy line is the market price and the dotted line is the cost of production.

The WITNESS: That would refer to the cost of production of hogs.

Mr. IRVINE: Hogs?

The WITNESS: Yes.

The VICE-CHAIRMAN: The cost of production is the cost of production of hogs?

The WITNESS: Yes.

Mr. JOHNSTON: Would there not be a fluctuation for those figures shown on the graph for grain sold to the elevator or fed to hogs?

The WITNESS: Yes.

Mr. JOHNSTON: I think we should have this graph printed in the record?

The VICE-CHAIRMAN: I was going to make the same remark because it is not a physical impossibility and our questions to the witness will not have very much relation unless we have the graph about which we are talking.

Mr. JOHNSTON: Yes.

The VICE-CHAIRMAN: It is understood then the graph will go in as part of the brief.

Mr. THATCHER: Mr. Dyde suggested that he might have the hog-barley ratio figures for 1947 by months.

Mr. DYDE: Mr. Chairman, I have before me a letter on Canadian live stock prices which was issued from 200 Bay street, Toronto, and it is issued by the Industrial and Development Council of the Canadian Meat Packers and it has a table on it which I feel satisfied is accurate and from which I will give you the figures which follow those Mr. Allen has produced.

Mr. JOHNSTON: Is it worked out on the same basis?

Mr. DYDE: Yes, because they are both worked out from the same letter. This graph came from an earlier edition of the same letter.

Mr. THATCHER: I am not so worried about 1946, unless someone else wants those figures, but I would like to have the figures for 1947.

Mr. FLEMING: What is the source of the figures on tables 1 and 2 of the brief now before us?

The WITNESS: The Alberta Department of Agriculture.

Mr. FLEMING: Are the figures for Alberta or for all of Canada?

The VICE-CHAIRMAN: Are they for Canada?

Mr. FLEMING: Table 1 covers all the provinces.

The WITNESS: Table 1 is just a statistical record of hog gradings by provinces and orginally comes from the Dominion report.

The VICE-CHAIRMAN: The report of the Dominion Bureau of Statistics?

Mr. FLEMING: Yes, in other words the source of the information given on the table is the Dominion Bureau of Statistics, and those figures were reproduced by the Alberta Department of Agriculture.

The WITNESS: Yes.

Mr. FLEMING: What was the original source of the information in the graph, table 2?

The WITNESS: That was produced originally by the Alberta Department of Agriculture and afterwards reproduced in a letter from the Industrial and Development Council of the Canadian Meat Packers.

Mr. LESAGE: Is it based on Alberta prices or Canadian prices?

The WITNESS: I have the original letter here and I think it refers to Alberta.

Mr. DYDE: I understand, Mr. Allen, the hog-barley ratio is always based on Winnipeg prices?

The WITNESS: The hog-barley ratio is based on Winnipeg prices but table 2 shows the margin of profit on barley or feed grain marketed in hogs rather than sold to the elevator, and it is a table drawn up by the Alberta Department of Agriculture which refers only to Alberta.

Mr. JOHNSTON: Table 2 would refer to Alberta elevators?

The WITNESS: That would be Alberta.

Mr. JOHNSTON: It would not take into account the freight on the live stock?

The WITNESS: Your live stock price would be based on the two big Alberta centres, Calgary and Edmonton, where the prices are approximately the same.

Mr. THATCHER: Could Mr. Dyde give us those figures?

The VICE-CHAIRMAN: Yes.

Mr. LESAGE: The cost of production is the cost of production in Alberta is it—or is it an average for Canada?

The WITNESS: Pardon me?

Mr. LESAGE: Is it the cost of production in Alberta?

The VICE-CHAIRMAN: You are referring to the graph?

The WITNESS: That would be Alberta.

Mr. FLEMING: The cost of production refers to Alberta.

Mr. JOHNSTON: They are more efficient out there than in the rest of Canada.

Mr. LESAGE: I question that.

The VICE-CHAIRMAN: Just wait a moment there. The cost of production of the hog is said to be Alberta? That graph, Mr. Allen, shows a cost of production line which refers to Alberta?

The WITNESS: Yes.

The VICE-CHAIRMAN: The grains that have entered into that cost of production reflect the cost at a certain point or are they the average cost on the farm, or would you be able to say?

The WITNESS: I presume that is an average elevator price. The idea that was advanced in the article was that the farmer was comparing what he would get for a bushel of grain if he sold it to the elevator with what he would get if he fed the grain to a hog.

The VICE-CHAIRMAN: You are looking up the bushel of grain and the hog prices to see what the difference is; that is, to see whether it paid you better to carry it over to the elevator or to put it into the hogs' mouth?

The WITNESS: That is it.

The VICE-CHAIRMAN: Are there any other questions on the basis of this? Is the answer satsifactory?

Mr. FLEMING: Could Mr. Dyde tell us that, or is he going to give us some figure? Could he tell us if there is any possibility of getting a comparable graph for eastern Canada, or for the whole of Canada?

Mr. DYDE: I haven't been able to find it. No. I am not sure whether I can or not, but I have not been able to do that yet.

Mr. JOHNSTON: Would the Ontario Department of Agriculture have that?

Mr. DYDE: I have not been able to find out.

The VICE-CHAIRMAN: We are going to have the figures for 1946 and 1947, to complete the graph, just as soon as we can find the figures.

Mr. MAYHEW: What are you going to do with the lines in the graph itself?

Mr. DYDE: I have checked this material that I have for 1948, and I find that it is not a continuation of this graph. I do not want to mislead you. The line of the graph that I have before me does not contain the Alberta prices, nor the graph which is on table 2.

Mr. THATCHER: What does it do?

Mr. DYDE: It contains the hog-barley ratio for Canada.

The WITNESS: That is the Winnipeg prices.

Mr. THATCHER: I do not see how this graph is to be of any value to the committee if it does not take in 1946 and 1947. We are interested in the recent price rise, and the year 1947, is a pertinent year.

The VICE-CHAIRMANS: It does tie in with a number of statements in the brief, however; and that is not of nearly as much value, as it could be continued

in the other two years. Is it not possible to get these other two years from Alberta? What would be your comment on that?

The WITNESS: I do not think there would be any difficulty in getting these figures from Alberta.

Mr. IRVINE: That is all we need, and then we can draw the line ourselves.

The VICE-CHAIRMAN: That would complete the graph for our purposes.

Mr. THATCHER: In the meantime would Mr. Dyde object to giving us the 1947 figures for all Canada? I would like to have those.

Mr. DYDE: It is not a production of these figures. It is the srtaight hog barley ratio I can give you.

Mr. THATCHER: That is for all Canada?

Mr. DYDE: That is not a projection of these figures for all Canada.

Mr. THATCHER: I would like to have them anyway, if you don't object.

The VICE-CHAIRMAN: Just one second now; would it not be better to wait until the afternoon session and see whether that might be added after Mr. Dyde has given further thought to it rather than interject figures which may not tie on here very well with what we have already, and in that way break into this evidence and leave possible confusion.

Mr. THATCHER: You will try to get that this afternoon?

The VICE-CHAIRMAN: We will take it up again this afternoon. I would break it away from this. That is the point.

Mr. THATCHER: All right.

Mr. WINTERS: Just before you leave this matter, Mr. Chairman, could you say just what the units at the left-hand side of this graph represent?

The VICE-CHAIRMAN: You refer to units, 5, 10, 15, 20, and so on; what do they mean?

Mr. WINTERS: Yes.

The VICE-CHAIRMAN: They may be only measuring units.

Mr. WINTERS: They must signify something.

The VICE-CHAIRMAN: Yes, they stand for something—they indicate a five-point rise.

Mr. MAYHEW: It shows the point rise.

The VICE-CHAIRMAN: It may only be an index point for measuring purposes only.

Mr. WINTERS: Even so, I think it should be explained.

The VICE-CHAIRMAN: Oh yes, sure.

Mr. DYDE: It would appear from what I can make of it that it is just a point matter, not dollars and cents.

The VICE-CHAIRMAN: Yes, an index point.

Mr. DYDE: An index point.

Mr. WINTERS: What has it relation to?

Mr. DYDE: That does not appear from the material here.

Mr. WINTERS: I wonder if we might have an explanation for the purposes of the record?

The VICE-CHAIRMAN: Apparently it is taken from a letter issued in the province of Alberta, and the letter is not the original source of the information.

Mr. WINTERS: I think that is important, if we are going to attach any significance to this statement at all.

Mr. IRVINE: Would it not mean that the whole graph showed a range of 25 points?

Mr. WINTERS: That may be true. I don't know.

Mr. LESAGE: It may start with a base of 100, and the first mark 5 might indicate 105, and so on.

Mr. RVINE: But that would not make any difference in the ratio.

Mr. JOHNSTON: Would it make any difference as far as the graph is concerned anyway, because it indicates the fluctuations.

The VICE-CHAIRMAN: I think Mr. Winters is right. It makes quite a bit of difference. But on the other hand, even if you say it is only a point for measurement, it still has value.

Mr. JOHNSTON: Yes, I think the graph does have value. While these figures on the left-hand side of the graph may be unit figures they are figures of comparison, and for the purposes of this graph I think they are self-explanatory because you can easily see from it the difference, the fluctuations between the cost price and the selling price.

The VICE-CHAIRMAN: Does it not come down to this: It would be wise, I think, to find out what meaning was intended by the graph in the first place, and that is something we will endeavour to get.

Mr. THATCHER: It indicates that the dollar value of hogs has varied.

Mr. MAYHEW: I think this indicates that we should try to get a similar graph which would cover all of Canada.

The VICE-CHAIRMAN: Yes.

Mr. MAYHEW: Rather than in one province. Such a graph would be valuable.

The VICE-CHAIRMAN: That would be something the secretariat might take up with the D.B.S.

Mr. DYDE: We will proceed on that. I think it may be difficult to get that but we will proceed with it, Mr. Chairman, and I will give you the best results we can.

The VICE-CHAIRMAN: All right. With that much introductory discussion the questioning will go on and Mr. Dyde will ask those questions he was speaking of a little while ago.

By Mr. Dyde:

Q. I would like you to turn to page 4, of your brief, Mr. Allen, and it is a general question that I have there. I think you will agree with me that it is in the interests of no one that you found that your shipments from the Alberta Livestock Co-operative Limited to Vancouver dried up in January; it is not a desirable situation, is it?—A. It is a very bad situation.

Q. I am wondering this, whether your co-operative, or you yourself, have analysed that situation in any way to indicate where the fault lay, if there was any fault, where the fault lay; that at one stage you were shipping regularly and then you were not shipping. Is it entirely the consumer who was responsible, the consumers' strike?

The VICE-CHAIRMAN: One second. I am asking Mr. Irvine to take the chair for about ten minutes.

(Mr. Irvine assumed the chair)

By Mr. Dyde:

Q. Is it entirely a matter of where prices have gone to a stage where the consumer just resists and will not pay; and, do you find that there is any fault along the way? Have you examined that?—A. Well, in our shipments of stock to Vancouver when our orders were cancelled we naturally got in touch with the people concerned in Vancouver and asked what was the matter. Well, this is the retail trade in Vancouver, and was simply at a standstill. They said, our retail

price does not move it. It was over this agitation on the high prices, and on bacon specifically. And, they said, our feeling is that we are not going to be able to move anything like the normal amount of meat through the retail trade. They told us that it was the retail trade, and that they were completely blocked. They said, we simply will not be able to buy meat, either fresh or cured on anything like the scale which ordinarily prevailed and which had prevailed before the 1st of January.

Q. What I am really coming to now is this. Did you examine yourselves at that point and ask them whether there was anything you could do not harmful to the producer which would help the consumer. Is there anything?—A. Well, we naturally watched what changes in retail prices had taken place closer to home, and we found in Edmonton for instance that while the price had gone up in pace with the increase of buyers' stock there was no evidence there that the price had gone up to a height that was not justified, so that there was no great amount of consumer resistance. That was in Edmonton. But judging from the reports of conditions in the coast cities prices had gone up much higher on the same kind of meat. Why it went to that height, I do not know; or, if they actually did go to that height.

Mr. JOHNSTON: Were those prices reflected in an increase in the price returned to the producer?

The WITNESS: The increase in price which the producer got certainly did not justify the prices that were reported in the press as prevailing in certain cities.

Mr. THATCHER: In other words, the fact that the price ceiling came off did not help the producer as much as it hurt the consumer?

The WITNESS: Well, in certain centres that appeared to be the case. As I say, in Edmonton, there did not appear to be any undue increase in prices.

Mr. THATCHER: To the producer, do you mean?

Mr. DYDE: To the consumer.

Mr. THATCHER: To the consumer?

The WITNESS: Yes.

Mr. DYDE: Will you look at exhibit 94, Mr. Allen—

Mr. JOHNSTON: Before you leave that, would you give us the tie-in between the Edmonton and the Vancouver prices?

Mr. DYDE: I am just coming to that. If you will look at exhibit 94, Mr. Allen, we have there taken from dominion government sources the retail prices you mentioned on bacon a moment ago; and we have the retail price in Edmonton and in Vancouver; and on the 6th of February, referring to exhibit 94, I see that the former ceiling price retail on a half pound package of bacon was 67 cents, and that on the 10th of February it was 83 cents, and then went down until March 16, it was 77 cents. And then I turn the page and find that at Vancouver the former ceiling was 69 cents, which was 2 cents higher than the former ceiling at Edmonton; then it went up to 87 cents at one stage in the week of January 12. and has gone back to 81 cents on the 16th of March. Now, would that be a sufficient difference? Is that the reason, do you think, that the consumer in Vancouver became annoyed by having to pay 7 cents as compared to a top price in Edmonton of 83 cents for a half pound package. Is that the difference to which you referred?

The WITNESS: Well, all I know of Vancouver prices is the reports that we read in the press, reports to the effect that bacon had gone to $1 retail. I think there was one report of a dollar and one or two cents. Whether or not that was true, or how prevelant that price was, I do not know. Your records do not show it. but I think if you will look at the press reports of that particular week you will see that those prices were staple.

Mr. FLEMING: Is there any reason to suppose that the resistance on the part of the Vancouver consumer was confined to pork?

The WITNESS: No. It apparently extended to fresh meat; that is, to beef as well as to pork and cured meat; but there seemed to be more prominence given to bacon. Bacon is one thing that is at a high price at any time and apparently the press made more comment on the price of bacon than they did on fresh meat. But there was resistance to all meat prices.

Mr. DYDE: Yes. May I refer again to my former question and ask you if you did not make any self-examination when you found this situation, because obviously it was not in your interest whatever, the consumers' strike; and, did you examine yourselves to see whether there was anything in the way of action which you could take to influence that situation?

The WITNESS: Well, we did not go further than to get the retail prices in Edmonton; and, as I say, we did not find that there was any undue rising either in the price of fresh meat, beef and the rest, and in the price of cured meat.

Mr. THATCHER: And yet the Dominion Bureau of Statistics will not bear that statement out, Mr. Allen.

The WITNESS: Well, these prices that are given in these tables are I understand an average of prices taken from a number of retail outlets.

Mr. DYDE: That is correct.

The WITNESS: We generally went to some of the larger stores which specialize in meat and which sell very large quantities; and we found that in Edmonton, for instance, none of these stores had raised their price at all until several weeks had passed. They apparently had had in storage a sufficient amount—as a matter of fact they carried on the old price for several weeks; and it was only in the smaller retail stores that the price increase immediately followed the change.

By Mr. Thatcher:

Q. Are you suggesting that the retail price in Edmonton had not gone up considerably immediately the change was made in October?—A. Well, they might be up a bit.

Q. What you are trying to say is this, that it has been a gradual increase?—A. They apparently were not out of line with the increased prices paid to the producers.

Q. Are you saying then that the producers' returns have gone up to a certain degree pretty well equivalent with the increase in the retail meat prices? Are you making that statement?—A. I would turn it around. I would not say that the retail price followed the increase to the producer, but I would maintain that it is not unduly out of line.

Q. We had a witness I think from Ontario who gave evidence that the return to the producer at the present time is not much greater than the equivalent increase in the cost of meat, that his profit was about the same as it was before the ceilings were taken off. Would you have any idea as to the figures in Alberta along the same line?—A. As far as pork is concerned—hogs—there is no question that we are getting a much better price now than before.

Q. Are you getting a better net profit in returns than you were before the ceilings were taken off?—A. Yes, I would say we are now.

Q. And your case is different from what it is in Ontario?—A. Yes.

Q. How would you account for that?—A. I think it is possibly explained by the feed prices.

Q. You mean your feed is cheaper than it is down here?—A. Yes.

Mr. JOHNSTON: That of course would be the case when you consider that they pay the freight on it down here; and then, of course, the subsidy was removed, and that all enters into it.

By Mr. Thatcher:

Q. Do you think your hog-barley ratio will bear that out when you get a chance to complete it for us?—A. It does to a certain extent. Of course, when the bonus of 25 cents on barley was removed that upset things pretty badly for a time and the hog-barley ratio dropped away down.

Q. In other words, after the ceilings came off, the revenue of the man raising hogs dropped for a while?—A. Before the price rise in January there was no question that the farmer was pretty well discouraged.

Q. In other words—

Mr. LESAGE: Mr. Thatcher said the farmer was losing money. He was losing a lot of money in November and December, wasn't he?

The WITNESS: Well, no; I would not say the Alberta hog man was losing money, but he was not getting anything like the money he is getting now or that he was getting before then.

Mr. LESAGE: No, but Mr. Thatcher said in any instance the farmer was losing a lot of money; as a matter of fact I think he went so far as to say that he was even losing money, that the price had gone below the cost of production.

The WITNESS: No, it was not below the cost of production.

Mr. THATCHER: That is different from the evidence Mr. Tummon gave. He said that in November and December the farmer actually lost money producing hogs because of the rise in the price of feed.

The WITNESS: That is possible.

Mr. MAYHEW: Referring to the high price of bacon in Vancouver I think this is true, and it was said in the committee here that the packers endeavoured to get practically the total increase in their hogs from the bacon, and that the other parts of the meat of the hog—the hocks, head and such like—shoulders—they all remained at the ordinary low price; and the figures on your table here would indicate that such is the case; the bacon price went up to 88 and then came down to 85 and 87, and then dropped to 81, while the other cuts of meat remained about the same all the way through. Now, when we come to this consumers' strike, was that strike against meat generally or was it directed particularly against the high price of bacon? I think the figures rather seem to indicate that the resistance was directed particularly against the increase in the price of bacon. That, of course, was a luxury item, and the increase applied on that rather than on the lower cuts of the hog.

The WITNESS: I think that is true.

Mr. FLEMING: I think it is possible also, Mr. Allen, that the experience of the western hog producer last fall was different from that of the eastern hog producer, at least in result. The reference to that was made in the evidence by Mr. Tummon. His point there was that unless the eastern hog producers had a substantial quantity of feed grain on hand which was purchased in the west or grew a considerable amount of his own feed it resulted in a loss. Would you care to comment on that?

The WITNESS: Well, I think that the eastern producer is quite evidently dependent more on his feed costs than is the western farmer. For the most part the western farmers raise their own feed and he always has a supply available, and the price paid in Ontario is higher than that which we pay out west. The higher prices paid in Ontario did not affect him.

Mr. FLEMING: Just one more question before Mr. Allen launches into this. Can you give us a short statement of the effect of the hog-barley ratio on, first of all, feed grain and other coarse grains—

Mr. THATCHER: That is what we are trying to get at.

Mr. FLEMING: Can you give us a short statement on the effect of the hog-barley ratio on, first of all the curve of fluctuation from that time on down to the present time. Have you worked that out yet, Mr. Allen?

The WITNESS: There is a table there showing the hog-barley ratio which was sent out by the Industrial Council of the meat packers.

Mr. THATCHER: Is that for Alberta?

The WITNESS: No, this is based on Winnipeg prices.

Mr. THATCHER: Is it for all of Canada?

The WITNESS: Yes, but only October, 1947.

Mr. THATCHER: And then, that is not pertinent.

The ACTING CHAIRMAN: We agreed that this afternoon we would be supplied with the supplementary figures for Alberta which were pertinent to the material in the graph which we have before us. Now, apparently the only figures you have at the moment is for all of Canada.

Mr. DYDE: If you are dealing with the hog-barley ratio, strickly speaking, may I say that that is always based on the Winnipeg market.

Mr. THATCHER: I thought you were going to give us the hog-barley ratio for Alberta alone.

Mr. DYDE: I would doubt very much if we could get a continuation of that table. That is not the hog-barley ratio.

Mr. FLEMING: Two quite different things there.

Mr. DYDE: What I have here is the hog-barley ratio.

Mr. FLEMING: Yes, but I thought it might be possible to table the history of the hog-barley ratio from say last October down to the present time. The question was as to what fluctuation had taken place, and that would show the experience of the western producers in that regard.

The WITNESS: Well, the hog-barley ratio as shown in this table which gives it as far as January of 1948, shows that the ratio had dropped.

Mr. THATCHER: Would you mind giving it to us by months from 1947?

The WITNESS: How far back do you want me to start?

Mr. THATCHER: January of 1947.

The WITNESS: The 1st of January, 1947, the hog-barley ratio was about 21; in February it went to $21\frac{1}{2}$; in March it went down to 20·5; in April it kept dropping until in say the 1st of May it had got down to an average of 18·2—

Mr. THATCHER: Is that the May figure?

The WITNESS: Yes.

Mr. THATCHER: Then give us the April figure.

The WITNESS: It got down to about 18·2, in April and stayed there during May, June, July and August, when it started to rise again. In September it reached 19·5, then it started to drop in October when it went down to about 18; and in November and December it went down a little further to 14.

Mr. JOHNSTON: That would be below the cost of production?

The WITNESS: Yes.

Mr. THATCHER: But, Mr. Allen—

Mr. DYDE: He has not finished yet.

The WITNESS: In January after the increase in price it rose considerably to a point where it is now 17·5, or a little better.

By Mr. Fleming:

Q. There is a terrific fluctuation in the first period, isn't there?—A. That was caused first by the removal of the bonus on feed grain, and then it started up again with the increase in price on the 1st of January.

Mr. FLEMING: I suppose factors like that are bound to create very great fluctuations in the hog-barley ratio, making the planning very difficult for the hog producer?

The WITNESS: There is no question of that.

By Mr. Dyde:

Q. Just one more question, before you leave that point and I am referring to your remarks on page 5 with respect to the hog-barley ratio. Can you give me any idea of what the Alberta hog producer did when he saw the hog-barley ratio in November and December 47? If he looked at the hog-barley ratio at that time what did he do?—A. He started to unload this breeding stock.

Q. Did that actually happen in Alberta?—A. Yes.

Q. Do you know to what extent?—A. I have heard so many rumours that I would hate to make an estimate, but there is no question that a lot of sows went to market at that time.

By Mr. Harkness:

Q. There is another factor there, a large number of people in the hog business did unload their feeders?—A. Yes but I do not think they did that to the same extent in the west as in the east, but you could not sell feeders for several weeks as there was no market for them.

Q. The stock markets were plugged with feeders?—A. Yes.

Mr. FLEMING: If the hog producer is going to have a fair opportunity to make his production and stay in the business there has got to be less of this changing of public policy on the part of the government, is not that clear?

The WITNESS: Yes.

By Mr. Harkness:

Q. And also is it not a fact, and I wonder if Mr. Allen has some figures on the matter, the price of feeders fell very materially?—A. Feeders?

Q. Yes, and also sows fell very materially on the Calgary and Edmonton markets?—A. Yes, there was a considerable drop.

Q. Have you any figures as to what the drop was?—A. I have not got the figures with me but they would be in the weekly report.

Mr. WINTERS: With reference to Mr. Fleming's assertion—

Mr. FLEMING: With reference to my question—the witness gave an answer.

Mr. WINTERS: I will overlook that remark, Mr. Chairman. Is it not true, that the margin of profit which the farmers are enjoying is the result of government policy?

The WITNESS: What was that again?

Mr. WINTERS: Is it not true that the present favourable position in which the farmers find themselves is because of government policy?

Mr. IRVINE: I do not think Mr. Winters should ask that question.

Mr. WINTERS: Mr. Fleming was allowed to ask his question.

Mr. HARKNESS: I think Mr. Winters should first ask the question "are the hog producers in a favourable position at the present time"?

Mr. WINTERS: Mr. Allen said they were doing all right.

Mr. HARKNESS: Is it your answer that the hog producers in Alberta are in a favourable position?

The WITNESS: I would say that they are today.

The VICE-CHAIRMAN: You have been having some dispute about asking questions and perhaps, when the witness has answered a question, you should not try to add words and make them appear to be his answer. He said that the hog producer at the moment is in a favourable position, and now, was there another question after that?

Mr. WINTERS: I just want to say then, with further reference to Mr. Fleming's question—

Mr. FLEMING: Ask the question, as I did.

Mr. WINTERS: Is the farmers' position not attributable to the British contracts?

The WITNESS: It is attributable to the increase in prices.

Mr. WINTERS: Resulting from the British contracts?

The WITNESS: Yes.

Mr. LESAGE: And the government negotiated the British contracts?

Mr. McCUBBIN: That is not a question.

Mr. LESAGE: I wanted it on the record.

The VICE-CHAIRMAN: It is a matter of public knowledge that the contract was negotiated by the government and no one would dispute that. We do not want to get into any disputes here but I am sure you will admit the last statement is true.

Mr. THATCHER: I just want to pursue the matter of prices for a moment if I may. Mr. Allen, on page 6 of exhibit 94—

Mr. DYDE: Just a moment, Mr. Thatcher, this witness is not completely familiar with our exhibits, but I will get him the page.

By Mr. Thatcher:

Q. Mr. Dyde referred a moment ago to this chart on the wholesale and retail prices of meat in Edmonton. According to this chart the former ceiling price was 67 cents. On February 10—and I think this refers to bacon—that price had gone to 83 cents, or an increase of approximately 24 per cent. Then on March 16 it had dropped to a point where it was about 14 per cent above the ceiling. The point I am establishing is the retail price had jumped very considerably in Edmonton after the ceilings were taken off. Mr. Allen, a moment ago, gave us figures on this hog-barley ratio and according to his figures, in September the ratio was 19·5. In October the ratio was 18·0 and that was the month when the ceilings on feed grain were taken off, and the ratio dropped to 14·0 in December, and it stayed at 14·0. Would not that indicate, Mr. Allen, that the return to the farmer in that period of time was considerably less than in the months prior to the ceilings being taken off?—A. No.

Mr. HARKNESS: No.

The VICE-CHAIRMAN: Do not break in on that, it is a question and the witness should answer it if he is able.

By Mr. Thatcher:

Q. Perhaps I do not understand the ratio, but if it was 18·0 in October and it dropped to 14·0 in November, would it not indicate the farmer was getting considerably less by way of net return from his hogs, due to the fact that his barley was costing him so much more?—A. It would indicate he was getting less for barley but it would not necessarily indicate any change in hog prices.

Q. No, but his net revenue, according to that chart, must be less in the light of the hog-barley ratio?—A. Not necessarily on hogs.

Q. What does this hog-barley ratio mean? Perhaps I do not understand it. —A. It is a comparison of the ratio between the prices of feed and the prices of livestock. It does not deal specifically with the price of livestock. The price of hogs may not have varied a cent during that time, but if the price of your feed grain varied it would change the ratio.

Q. You say the fact that feed grain went up very considerably at that time would not necessarily mean that the net profit to the farmer went proportionately down in the period—that is according to this chart?—A. It is a theoretical question. It simply means that the farmer, supposing he had barley, could get more for the barley by selling it to the elevator, but it does not change the amount that he would get for it by feeding it to the hogs. He may have been getting the same price straight along for hogs. At the start of the period barley was, we will say, 75 cents; when the ceilings were taken off the barley shot away up. If the farmer had taken the barley to the elevator he could have got 30 or 35 or 40 cents more for it.

By Mr. Johnston:

Q. If he had fed that high priced barley to the hogs his return would have been necessarily less?—A. Yes, if he had had to buy barley every week it would have cost him more.

Q. It would not matter whether he had to buy it, if he had to feed it his return on hog production would have been considerably less?—A. Yes.

Mr. McCubbin: Barley was not high during all the period these hogs were fed. They might have been fed the high priced barley for only two or three weeks out of the five or six months and the rest of the time they were fed with barley at the previous price.

Mr. Lesage: Yes, and a lot of the hogs fed on the cheaper barley were sold at the higher prices.

The Vice-Chairman: They might have received a pail full of cheap barley and only two or three teaspoons full of dearer barley?

Mr. McCubbin: Yes.

Mr. Lesage: That situation applied to hogs slaughtered between October and January.

Mr. McCubbin: There was only a two months period during which the higher priced barley was fed but there were four or five months when the hogs were fed on the cheaper grain?

Mr. Johnston: Yes, but the last period of feeding when you are finishing the hogs off is the most important period. If you have to finish them with high priced barley it is going to be very expensive.

Mr. McCubbin: That is true, but to get the proper picture you must take the whole period and not just select a month or two where there are high prices.

Mr. Johnston: But you do not start feeding actually until you are in the finishing months.

Mr. McCubbin: That is not true in Ontario.

Mr. Johnston: It is true in Alberta.

Mr. Lesage: Are we to understand—

Mr. Fleming: May I just suggest, Mr. Chairman, that you swear some of these witnesses.

Mr. Lesage: Are we to understand from Mr. Tummon's table—

Mr. Fleming: I thought it was a rule that we swore all witnesses?

The Vice-Chairman: There are too many interjections for me to hear what Mr. Lesage is endeavouring to ask.

Mr. FLEMING: He is giving some evidence.

Mr. LESAGE: I am not giving evidence, I am asking questions.

The VICE-CHAIRMAN: As well as I could understand it Mr. Lesage wanted to ask a question of someone.

Mr. LESAGE: Do I understand Mr. Tummon's figures—the table for November 15 at page 6 of his brief—are not accurate? He says here that the feeding cost for the top quality is $3.40.

Mr. MCCUBBIN: That is not right.

Mr. LESAGE: It would not be correct? Would the average loss of $2.90 per hog be correct?

Mr. MCCUBBIN: No.

Mr. THATCHER: Are you asking Mr. McCubbin?

Mr. IRVINE: I do not think that should go in the record. A member of the committee should not flatly say that the evidence is incorrect.

Mr. THATCHER: I am going to ask Mr. Irvine some questions.

Mr. IRVINE: I do not think Mr. McCubbin should say that the evidence put in by Mr. Tummon is not correct. If he wants to infer that Mr. Tummon's evidence is incorrect he should have done so before Mr. Tummon left.

The VICE-CHAIRMAN: It has always been understood that we do not swear witnesses who are also members of the committee.

Mr. THATCHER: This is an important point.

The VICE-CHAIRMAN: Just wait a moment, please. There has been a good deal of this conversation in the last ten minutes which has not been referred to the witness. It has been a little interlude but there is a point, which I suggest is right now, where we should continue with the questioning of the sworn witness.

Mr. MAYHEW: May I make a suggestion that in future Mr. Thatcher direct his question to Mr. Irvine, and I am sure he will get the kind of answers he desires.

Mr. HARKNESS: I would like to ask a question or two of the witness?

The VICE-CHAIRMAN: Just a moment, and listen to me please? I have just finished stating that the interlude here had been long enough and Mr. Mayhew has violated my ruling, but I now suggest that we stop this funning and get on with the questioning of the witness.

By Mr. Harkness:

Q. Mr. Allen, I was interested in your statement that you considered the present situation favourable as far as the hog producer is concerned. I would like to ask you further whether you consider the position of the hog-barley ratio is sufficiently favourable to increase the production of hogs in Alberta at the present time?—A. I think there is a margin of profit in Alberta at the present time that should encourage increased production. The whole thing turns on the grain price and the live-stock price in the next year—that is the increased production turns on the prospects of how long that condition is going to continue. The hog-barley ratio is not exactly a rule of thumb but it is an indication. I do not think the average farmer stops to figure out the hog-barley ratio but he goes more by the price which he can get at the elevator and the price which he can get through livestock. That is the way he measures, and he figures on the one hand what he will get from the elevator and on the other hand what he will get through livestock. The answer decides whether he will go into hog production.

Q. Leaving the hog-barley ratio out of it, would you consider the general situation is looked upon sufficiently favourably by the farmers in Alberta that they are going to increase hog production?—A. Well I think it is favourable except for one thing.

Q. What was that?

The VICE-CHAIRMAN: He says he thinks it is favourable except for one thing.

The WITNESS: I mention in the brief there has been some suggestion that we may not be able to continue exporting to Great Britain the large quantities of bacon that we were led to believe a year ago that we might export. Exchange conditions might make it impossible. I mention that suggestion because it has been in the press recently. As a matter of fact in the *Globe and Mail* last night there was an article pointing out that Great Britain was looking for other sources of bacon in order to reduce her dollar spending and the writer of the article asks the question whether the Canadian hog man is going to have access to the British market in the future as he has in the past.

Mr. JOHNSTON: You refer to that on page 5 of your brief?

The WITNESS: Yes.

Mr. JOHNSTON: Where you say "it may be that in some instances retail meat prices may have become unreasonably high, but there is no evidence that the producer of livestock at any time received a price for his product equal to the price that he could have got for it on the so-called world market and at prices which were being offered in other countries."

The VICE-CHAIRMAN: No, that is a different point.

Mr. JOHNSTON: It would have the effect, as Mr. Harkness pointed out, that unless a suitable market for the hog producer is found he will not have an incentive to increase his breeding stock.

The VICE-CHAIRMAN: I am not questioning that statement but you prefaced your question by saying something to the effect that there is a possibility of losing the English market, which possibility had been dealt with in the brief. I believe the witness agreed with you, but you then read something which did not have proper reference to the subject under discussion.

Mr. JOHNSTON: He said that was one instance.

The VICE-CHAIRMAN: He said that was the only instance of what might be called a cloud upon the horizon of the hog producer and, as I understood the witness, he said things looked favourable for increased hog production were it not for this one fear that the U.K. may get her bacon somewhere else. Am I not interpreting your evidence correctly in making that statement, Mr. Allen?

The WITNESS: That is correct.

The VICE-CHAIRMAN: I am only drawing to your attention, Mr. Johnston, that you are reading from the wrong place.

Mr. JOHNSTON: I did not read particularly the part referring to the British contracts, but I did read the part referring to other contracts.

By Mr. Harkness:

Q. Mr. Allen, I may say that I have 56 bred sows at the moment and the opinion of my neighbours—the general impression I have received from them—is that they consider the price of hogs too low in relation to the price of grain at the present time to warrant them going back into hog production. I was wondering whether the same general attitude prevails in the northern part of the province from which you come?—A. In Alberta this last season there was an awful lot of damaged grain and the price the farmer is getting for his grain this year, especially in coarse grain areas, is not exactly reflected by the quota-

tion of grain prices. There were very large quantities of tough and damp grain, low-grade grain, and the average farmer in northern and western Alberta is satisfied he can get much better prices through feeding hogs than by selling that type of grain to the elevator. I think that is a very important factor. I might say that deliveries in Alberta have been unexpectedly increased since December. The weekly deliveries have been up almost 50 per cent over the same week a year ago and that was a much bigger increase than anyone estimated. I think these increased deliveries were due, to a certain extent, to the fact that there was a great deal of damaged feed grain in the country and also to the fact that the increase in the price of hogs which went into effect on the 1st of January had been forecast for some time previously.

Q. It was the result of breeding when the relationship between the price of hogs and the price of grain was considerably more favourable than it is at the moment?—A. Yes.

Mr. McCubbin: What is that again?

The Vice-Chairman: The breeding occurred at a time when it appeared that the new pigs were going to be fed cheaper grain than in fact they turned out to be fed?

Mr. McCubbin: No.

The Vice-Chairman: That is what Mr. Harkness asked and that is all we have at the moment. I do not think you should give evidence on that before the witness answers.

Mr. Harkness: The witness answered and he said "yes".

By the Vice-Chairman:

Q. The reason for the unexpectedly high deliveries that were referred to is due to the fact that there had been a bringing into life of little pigs when it appeared they were going to be fed more cheaply?—A. The breeding season that resulted in the pigs marketed in January of this year occurred almost a year ago and at that time there was a distinct feeling that hog prices would be increased and they were increased at that time to a certain degree. The price was not as high as it was after the ceiling went off later in the fall.

Q. Do you say the breeding that brought these pigs into life in January occurred almost a year ago?—A. No, no, I am referring to the breeding that resulted in the deliveries in January.

Q. Oh, the deliveries in January?—A. Yes.

Mr. Harkness: Nine or ten months ago at least.

The Vice-Chairman: Mr. Dyde tells me the period of gestation is three or four months?

The Witness: Yes, and it takes six months to develop a pig.

The Vice-Chairman: Nine months after the breeding, if everything works all right, the pigs would possibly be delivered to the market.

Mr. Harkness: Ten months would be closer.

The Vice-Chairman: The love life of a pig is very interesting.

By Mr. Thatcher:

Q. Mr. Allen, have you any figures as to the proportion of the cost of producing a hog which is represented by feed?—A. No, I have not.

Q. Mr. Tummon of the Ontario Hog Producers' Association suggested approximately 70 per cent of the cost of a hog was represented by feeding. Do you think that would be approximately correct?—A. I would not care to make any comment. I read Mr. Tummon's figures and the only comment I

have to make is that I have a similar table prepared by the Alberta Department of Agriculture and I notice Mr. Tummon's estimates for feeding costs are higher than those in the table prepared by the Alberta Department of Agriculture.

Mr. JOHNSTON: What would you say about labour costs?

The WITNESS: The Alberta labour costs are not made up in the same manner. I notice that the estimated costs of a weaner pig are the same as those given by Mr. Tummon but the feeding costs were estimated at a lower figure. Now I would imagine that the Alberta labour costs would be somewhat higher.

By Mr. McCubbin:

Q. Is it the same in the west, in your district, as it is in our district where everyone is scouring the country and hunting for little pigs, and the price sky-rockets?—A. What was that again?

Q. In Alberta, in your district, is the same thing occurring as is occurring in western Ontario where everyone is scouring the country looking for little pigs to feed? Is the same thing occurring in your district?—A. There is a fairly good sale for feeder pigs at the present time but I would not say there is a strong demand for them—not as there has been in the past.

Q. You have never seen such strong demand in the province of Alberta?

Mr. FLEMING: Is that a question?

The VICE-CHAIRMAN: It is a question for comment.

The WITNESS: I would not say there is such a strong demand as you have indicated.

Mr. FLEMING: It was a flat statement.

The VICE-CHAIRMAN: It is quite a proper question.

Mr. MCCUBBIN: What prices are they paying for weaner pigs six, seven, and eight weeks old?

The WITNESS: Oh, I would say $8 to $10.

Mr. JOHNSTON: What prices are they offering in Ontario?

Mr. MCCUBBIN: $10, $11 and $12, and you cannot get them. People are hunting all over for feeder pigs, coming for 70 or 80 or 90 miles looking for little pigs.

Mr. FLEMING: Is that a question?

The WITNESS: In most areas in the west there is not a demand for feeder pigs except in the areas close to the big marketing centres. Out in the country there is not much demand and there never has been a demand. The farmer is inclined to raise his own pigs and not just to raise them for sale as feeders.

The VICE-CHAIRMAN: The farmer expects to slaughter them himself.

The WITNESS: Yes.

By Mr. Dyde:

Q. Mr. Allen, I would like to go to page 6 of your brief where you have made some very interesting suggestions. I think that probably there is little more that you can tell us which will be of help with regard to your first suggestion but, I would like to make sure. Is there anything you can add to what you have already said to guide us in the examination of your first suggestion?—A. The only comment which I would like to make, Mr. Chairman, is this: when this consumers' strike began to show up our Vancouver sales were pinched off and we began to look around at the situation in Edmonton and Calgary. We found there was not the same amount of consumer resistance in those cities and we do not see any great justification for a protest over the prices. Now you will notice, in that table on page 6—

Q. You are referring to exhibit No. 94?—A. I am using bacon because bacon seemed to have been given more publicity than anything else. The unit taken was usually sliced side bacon in half-pound packages. It seems to us that if the consumer insists on getting his bacon sliced and in half-pound packages he will have to pay for it. If the consumer had bought bacon by the side he could have bought it at practically wholesale prices in any of the large stores. There never was a time in Edmonton when you could not buy good bacon at very little over 60 cents, possibly 66 cents.

By Mr. Johnston:

Q. You are referring to buying it by the side?—A. You could not buy it in half-pound packages, sliced and wrapped, for that price. We rather felt that increase in price was possibly more the result of the extra costs in retailing than the actual increase in the cost of the meat itself.

Q. The ordinary consumer could not buy bacon by the whole side because he would not have a proper place to keep it and therefore, of necessity, he was compelled to buy it in smaller quantities.—A. If the ordinary consumer bought bacon by the side he would have to provide himself with a place for keeping it. If he did not have a place for keeping it he would lose a certain amount through spoiling, but if the consumer expects the retailer to more or less insure him against that loss and keep fresh meat for him, he has got to pay for that service. This is on page 6. You refer to the very thing we are interested in there, the increase in the retail price of bacon. Might it not have been that there was too great a quantity held in storage? Do you think all this individual packaging and selling in half pound lots is necessary? I think it is now almost a demand because the consumer rather expects it because it simplifies his buying, and he is always assured of fresh first quality; that is important, particularly where he could not take care of it and look after it himself. Naturally, when he invites a service of that kind he has to be prepared to pay for it.

Q. Do you think it would be to the advantage of the retailer, the housewife let us say, if people were a little more practical along this line?—A. I think so. However, I do not think the average consumer takes that into consideration; that the retailer supplies him with the assurance of fresh quality in a convenient package; and that type of service is bound to cost him more and he must pay for it.

By Mr. Dyde:

Q. On the other hand, the storekeeper who retails a package of sliced bacon; all he has to do is to reach under the counter and hand it out to the customer. He does not cut it very often. He just has the job of picking it up, wrapping it and handing it to the customer. Isn't that right?—A. That is correct, but somebody has had to pay for the cost of wrapping and slicing, possibly taking off a slice off the outside of that bacon.

Q. There is also another point which is perhaps a very minor one. I think we were talking about buying a side of bacon. You had reached that point, hadn't you?—A. Yes.

Q. And when the customer buys a package, a half pound package of bacon the rind is removed, is it not?—A. Yes.

Q. So that in your quotation of prices you must make allowance for the fact that when the housewife buys a side of bacon she is always buying some of the rind which she does not buy in the package.

The Vice-Chairman: Does that rind amount to a pound in ten?

The Witness: It would be less than that.

The VICE-CHAIRMAN: What percentage would you say she would have to allow for what would be non-edible on a side?

The WITNESS: I would not like to attempt an estimate on that. She would have the loss of the rind, of course; and if she kept in the house in the kitchen the ordinary way there would be a slight surface that has to be sliced off. That, together with the rind, would form an appreciable percentage of your total weight.

Mr. JOHNSTON: You were suggesting a moment ago that it would pay the consumer to buy bacon by the side; how do you justify that statement if he is going to lose such a considerable amount in taking off the rind and so on; how would you consider that as being preferable to buying it by the package?

The WITNESS: If the consumer had the facilities, if one had a frigidaire in which to keep it he would not have much loss; but if you simply put that piece of bacon in a cupboard at ordinary kitchen temperatures, there would always be a certain surface cut that would have to come off and would be lost, as compared to buying it in small packages fresh.

By Mr. Merritt:

Q. You referred to the Vancouver wholesale and retail prices, and I rather gathered from what you said that you thought the retail price, or the retail markup, has something to do with this increase. Now, this table on pork in Vancouver, on page 6, of exhibit 94, shows that the retail price was considerably reduced at the time the wholesale price went up on bacon, and then on the last date, March 16, the retail price is less than that which was allowed under the ceiling prices?—A. I notice that.

Q. You noticed that?—A. Yes.

Q. So that actually the retailers are taking a loss following the increase in price of that last period?—A. I imagine that was largely to meet that consumer resistance.

Q. Yes. Consumer resistance, of course, was the best way of breaking down prices?—A. Yes.

Mr. MCCUBBIN: Would you refer to page 6, of your brief, Mr. Allen, to paragraph 6, and enlarge on that for us?

Mr. DYDE: Do you mind, Mr. McCubbin, if we go through his suggestions in the order they are, because I think they are fruitful suggestions, and we were dealing with No. 1.

The VICE-CHAIRMAN: We haven't got that far down yet.

Mr. MCCUBBIN: I was wondering if perhaps we might not better clear that up now.

Mr. DYDE: We will do that after we have gone through the preceding suggestions.

By the Vice-Chairman:

Q. I understand that the sole purpose of that suggestion in the last sentence of paragraph 1, is that you would assume that fact on certain retail costs incurred for convenience should be shown up very clearly. That is the only idea you had in that paragraph, was it not?—A. That was one of the main ideas.

Q. Yes, and just that it would add appreciably to the cost of the consumer, that slicing, wrapping and so on; and you think that has been lost of sight of by the consumers a great deal; but as far as your suggestion goes, you are not suggesting that there is anything improper about it in your opinion?—A. No.

Mr. DYDE: Before you leave, do you know anything about or have you looked up any material with reference to the trend on the part of the public towards packages or away from packages; or, do you know anything about that?

The WITNESS: I do not know very much about it, but I would say it is toward it.

The VICE-CHAIRMAN: Toward more of this what you would call convenience selling?

The WITNESS: Yes.

Mr. IRVINE: It is really service.

Mr. MCCUBBIN: The public are demanding the service; isn't that the whole thing?

The WITNESS: Yes.

By Mr. Dyde:

Q. If we have finished with suggestion No. 1, I would like to go on to your suggestion No. 2, with reference to the moving of feed grain. Now, I know we are not actually examining into the commodities known as feed grains, but I would like you to comment on that, if you will, while we are at it. What is the present position with regard to the movement of feed grain from western Canada to eastern Canada?—A. Well, as I understand it, the buyer in eastern Canada is bonused, or gets a rebate from Fort William on; that is, he is buying the feed grain at the Winnipeg-Fort William price. In western Canada the feed producer, the farmer, is also growing grain; he is not exclusively a livestock man, he probably sells a fair amount too. I think the western farmer watches the market and supports the idea of subsidies for feed grain just as strongly as the eastern feeder does. But what puzzles him though is the high cost of feed in Ontario. I notice that Mr. Tummon made a statement about the cost of feeds, and they were much higher than the Alberta Department of Agriculture estimates, which I have here. They put the cost of feed in Ontario—

Mr. JOHNSTON: Would you give us those? We would like to have them on the record at this point.

Mr. LESAGE: Mr. Tummon gave us a cost price of $3.40, on them.

By Mr. Dyde:

Q. Before you read that, would you just briefly tell us what it is, and how does it come that you have it?—A. This is a study of hog production costs and feed prices, comparing those costs and prices in Alberta with those in Ontario; and the prices are based on Edmonton, Alberta, and Guelph, Ontario.

Q. Do you know who conducted the study?—A. A Mr. A. J. Charnedsky.

Mr. IRVINE: Surely the name is not Charnedsky in Alberta, is it?

Mr. LESAGE: It would be interesting to have those prices on the record, but I wonder whether Mr. Dyde should not examine it first to find out whether or not it would serve any useful purpose being read into the record at this time.

Mr. DYDE: I think he can give you the figures.

The VICE-CHAIRMAN: Mr. Johnston I think it was asked at the moment if those figures to which the witness referred could be spread in our record. The witness said, I have a certain study here which will give you certain information; and at that moment Mr. Johnston asked him if he would lay that study in front of us. That is how it happens that he is doing that at the moment.

Mr. LESAGE: Well, is it pertinent?

Mr. DYDE: Yes.

The WITNESS: These feed prices are as of April 1, 1947, and Mr. Tummon had one table that was comparatively close to that. I think it was within a month of it.

Mr. LESAGE: This is January 15, 1947?

The WITNESS: I think they would be the same.

Mr. LESAGE: The ceiling was on at that time in both places?

The WITNESS: Yes, in both places. The prices that I quoted here are at Guelph, whole grain purchased and mixed, $2.09 a hundred—that is oats and barley mixture—as against $1.89 in Alberta at the same time. Now, I think Mr. Tummon's figure was about $2.50, a hundred for the corresponding period.

The VICE-CHAIRMAN: Your impression has been that it was tending to overstate?

The WITNESS: I would not mean overstate, but I just wondered what these prices are based on in Ontario. I have talked to growers of livestock in Ontario and asked them what they could buy feed for, and invariably they quote prices much higher than we can get for that feed in Alberta, so I asked them where they got their feed, and they said, well we buy it from such and such a milling company, or such and such a feed company.

Mr. THATCHER: That would indicate that Mr. Tummons's figures were not correct.

The WITNESS: I am not questioning his figures at all. I am just wondering where he bought his feed.

Mr. FLEMING: Mr. Tummon pointed out very carefully that eastern farmers are not buying in carload lots. Naturally the figures you are accustomed to using in the west would be for carload lots. Your figures would be based on that, would they not?

The WITNESS: Yes, they would be.

Mr. FLEMING: You see, Mr. Tummon pointed out that difference, that the average farmer in the east was not buying in carload lots, he is buying broken down lots.

The WITNESS: That is the point I was coming to. It has always seemed to me that the eastern farmers should be able to get hold of western feed grain much cheaper than he does, either in the way he buys it or in some other way. For instance, there is nothing to prevent one farmer or a couple of farmers in Ontario from buying a carload of barley from me today, for instance, at the market price in Alberta—which is around, on No. 1 feed barley, $1.16, Winnipeg—roughly, that would be about $1.13, or something like that in Edmonton.

Mr. MCCUBBIN: What would the freight be to Fort William?

The WITNESS: That $1.16 is your Fort William price on feed barley. That is what you would have to pay fort it.

Mr. LESAGE: $1.16, for a hundred pounds?

The WITNESS: Yes, $1.16, a bushel.

By Mr. McCubbin:

Q. What Mr. Fleming has said so absolutely correct, they buy in a ton or two ton lots; and he has difficulty in finding a place to get it. We will have to go into this later. We have no difficulty in buying carload lots of grain from you, but we would not be able to get a car. Some elevator company has got to get a rake-off.—A. I think you are mistaken in that.

Q. I hope I am, but that has been our experience in Ontario.—A. Suppose you sent me an order for a carload of barley. I could ship that, without question.

Q. That is the difficulty we are having in Ontario, we haven't got the cars and we can't get cars unless some of these grain companies have their finger in it.—A. I went into this question pretty thoroughly within the last month. I am connected with one of the grain companies, and I went to one of their superintendents and asked them what is to prevent an Ontario man sending me an order for a carload of barley, how was he going to do it—me selling to him at the agreed price. He says, there is nothing in the world to prevent him.

Q. I know there isn't, but just try and do it. That is the difficulty with which we are faced.

Mr. WINTERS: Go ahead and try anyway.

The VICE-CHAIRMAN: We might promote a sale here. Have you got any barley at the moment?

Mr. MERRITT: Have we the power of a Commodity Exchange, Mr. Chairman?

The VICE-CHAIRMAN: We do not need any power.

Mr. MCCUBBIN: I agree with what Mr. Allen said, and I think his statement about the Ontario farmer should be looked into very thoroughly. There should be some may that we can purchase from the people out in the west this grain without having to go through so many intermediary interested companies.

The VICE-CHAIRMAN: When I was on the railroad it was always easy to get a car if you gave the switchman $5; because I have received it.

By Mr. Dyde:

Q. If the Ontario farmer got barley from the west direct he would have to grind it himself?—A. Yes.

Q. Has he the machinery with which to do that? Does that mean generally speaking that the Ontario farmer would need to buy new machinery?—A. Well, pretty nearly 75 per cent of farmers have a machine of some kind that will do the trick. Many of them are on power lines and they can get an electric motor which will operate the grinder. There is always something around he can use for the purpose. You take with us out west, we always have a lot of machinery available, and it is never very difficult to arrange to grind the feed as we need it. With the western farmer, in 95 cases out of 100, he grinds all his own grain and mixes his own feed. They all have enough power equipment and so on to do that kind of work. That is what they do, and they make considerable saving in the cost of their feed that way.

Mr. LESAGE: There is one question which has been troubling me. Before the subsidies were taken off, decontrols, did the farmers in Alberta who were at the same time producing their own grain get a subsidy for the grain they fed to their own hogs?

The WITNESS: The men who grew his own grain did not.

The VICE-CHAIRMAN: Did they generally find any way of getting around that; I mean is it not possible to get around it, let us say by the farmer selling his own grain then buying from a neighbour, or something like that?

The WITNESS: I would not say it was general. The government checked up pretty closely on them and I know there have been quite a few prosecutions. I would not say it was general.

Mr. LESAGE: So the removal of the subsidies as far as this type of hog is concerned—I am talking about the removal of the subsidy, not the ceiling,—would not have any effect?

The WITNESS: Not for the man who grew his own grain.

Mr. THATCHER: That might be one of the reasons why your evidence would lead to a little different conclusion than the evidence given by Mr. Tummon, wouldn't it?

The VICE-CHAIRMAN: Yes, but while it would apply in your end of the business it would not apply in business of farmers of the type about which Mr. Tummon was speaking. Would that be right?

The WITNESS: Yes, that would be right.

The VICE-CHAIRMAN: And with respect to the feed situation, it would be better in Alberta than it would be in Ontario?

The WITNESS: Yes.

Mr. MCCUBBIN: Do you feed much concentrates; as a matter of information? Are you in Alberta feeding concentrates, these high priced feeds they have to feed down here in Ontario?

The WITNESS: We feed concentrate, but I imagine not to as great an extent as they do in Ontario. There is very little skim milk available in Alberta and most of the hog men use concentrates.

Mr. DYDE: To come now to your next suggestion, do you wish to elaborate on your suggestion No. 3, in any way? You say, we should enquire into the possibility of easing the farm labour situation. Have you any concrete suggestions for the committee?

The WITNESS: Well, it is practically impossible in the west to get farm labour to look after livestock, and at the same time we have got a lot of these Europeans in our business. We have a number from Germany, and they are trying to bring their families over here. I spent one Sunday afternoon recently making out application forms to be sent to the Department of Immigration to enable a farmer to bring over eleven relatives—Poles in the American zone in Germany. Now, from what I have learned by my own experience and that of my neighbours I would say that these men are the idle type of farm labour, good farmers. My own opinion is that this type of labour is something we have got to have in western Canada if we are going to keep up production.

Mr. THATCHER: Have you been able to get many of them so far?

The WITNESS: Quite a number have come in but very few are coming now.

Mr. JOHNSTON: What about the Germans?

The WITNESS: Most of these people that I have been talking about are displaced Poles.

Mr. THATCHER: You are in favour of greater immigration?

The WITNESS: Yes, I think we ought to have immigration to provide us with an adequate supply of farm labour.

Mr. PINARD: Have you any idea of the number of applications now in?

The WITNESS: I would not know that.

The VICE-CHAIRMAN: Have you heard of an organization called Cafarmas which is working on that kind of thing? Have you heard of them? That name is apparently a combination of the words Canadian Farm Aid Association, the syllables of the word going together to form the title I mentioned there, Cafarmas. I wondered if they were active in your part of the country too. They are aiming at just what you said.

Mr. PINARD: Where are they located?

The VICE-CHAIRMAN: I happen to know something about this organization who are in Manitoba and I was interested in finding out whether they were carrying on their activities across western Canada.

Mr. DYDE: Is there anything you would like to add to your suggestion No. 4?

The WITNESS: Well, the increase in freight rates is going to hit livestock costs all right. It just means that much more out of the producers' pocket. The only suggestion I have to make is this. The railways have always looked upon the movement of livestock in a kind of supercilious way; and that is the sort, the kind of nonsense they have in providing cars. I mean by that, we have an awfully hard time in getting service from the railways. For instance, last fall after the packing house strike the railways took their stock-cars for other purposes during the strike. You couldn't blame them for doing that because there was no movement of livestock for about a month. The strike lasted six weeks. The railways took their stock-cars and I understand they used them for the movement of pulpwood, ties and so on, both in British Columbia and in eastern Canada. After the strike was over it was over a month before we could get any stock-cars in the district in which I live which is on the Northern Alberta Railway about 400 miles out of Edmonton. It was three months before we had normal stock-car service, three months after the end of the strike before we got normal stock-car service. The railway simply said, we will do the best we can for you, but they had moved the cars to other parts of Canada and could not get them back; so we took a beating over that in overweight hogs and cattle that should have gone to market before then.

By Mr. Pinard:

Q. How was it in normal times?—A. In normal times the service was very good, except in this way, we have trouble very often in getting the number of cars we want, especially for the movement of hogs. There is a great advantage in the movement of hogs if you could have a deck in the car, particularly what we call a half-deck car which will enable you to load 35 per cent more hogs in a car. You can do that if there is a half-deck in them. Now, the railways will take no responsibility for half-decks whatever. If you want to put a half-deck in it is your own risk, and to put it in costs you from $25 to $30 on the average.

Q. You mean a half-deck in the car?—A. Yes, and if you put it in your chances of recovering it or any of the material out of which you build that half-deck are practically nil. What I am getting at is this, the railways ought to realize that if we use half-decks in cars they would be able to increase their efficiency by almost 50 per cent.

Q. What is the objection to them?—A. I don't know. They won't take any responsibility. I know that some of the packing companies put decks in themselves. They print their names across the end of the boards and trust to the goodwill of the dispatchers on the particular line on which these cars move that they will send them back to them. You see, you cannot always bring a car back.

Q. You mean, the railway companies will not accept responsibility on what the car holds?—A. The railway companies will not accept any responsibility whatever for these decks. They say, if you want to put them in, all right go ahead, but they will not pay you anything for it and they won't guarantee that you will get that car back so you can use it over again. It has always seemed to me that if the railways want to economize on their rolling stock that by putting decks in these cars they could increase the carrying capacity of the car at least 35 per cent and in that way a lot more livestock would be moved in the same number of cars.

Mr. FLEMING: Don't you think there must be some good reason for it, otherwise it is safe to assume that it would have been done before this? The reason probably is this, that if the railways used the cars in that way they could not be used for anything else except the movement of livestock. Without the decks these stock-cars can be used for the movement of any kind of livestock.

The VICE-CHAIRMAN: These decks are removable.

Mr. Fleming: There must be some objection to the use of cars for that purpose. I think we can assume that the management of the railway are not losing sight of any opportunities for efficient operation.

The Witness: I do not know why they don't do it, it would save a lot of extra cost in shipping.

Mr. McCubbin: Do you have that difficulty at competitive stations; have you any of those in the west?

The Witness: Not on this specific line, the line I am speaking of runs up into northern Alberta, the Northern Alberta Railway. There is no competition on that line because it is operated jointly by the C.N. and the C.P. We get cars marked both C.N. and C.P. I do not think there is any difference, not what you would call competition, such as you might find at other points.

By the Vice-Chairman:

Q. Are these decks removable with anything like the ease of a grain door?—A. No.

Q. If they are in there they have to stay?—A. They would have to stay.

Q. Then you would have to have on the railroad hog cars and cars for other livestock; would that be the answer?—A. Yes, I suppose that would be it.

Q. If the railroads went in for a double-deck car it would mean that instead of a new car altogether they would only have to put a deck in one they have?—A. Yes. What the stockman wants is what they call a half-deck car which would handle all hogs or half cattle and half hogs.

Q. I see, a half-deck in only one end of the car?—A. In one end of the car, yes.

Q. I see. Even that would mean they could never use it for normal shipment of more than a half car of other livestock.—A. That is quite true.

Q. Once they put a deck in there and divide that car, then they could never move more than half a car of cattle? Is that right?—A. That is right.

Mr. Dyde: Is that correct? When you put a deck in at your own expense and your hogs are moved from your shipping point to say Edmonton, or whereever they are going; the railway does not keep that as a decked car from that time on?

The Witness: No.

The Vice-Chairman: They just take it out.

Mr. Fleming: If the railway has to assume responsibility as a carrier for the movement of hogs in two decks I fancy they are going to be interested in putting in something more than a demountable or temporary deck.

The Witness: They have to be put in very solid.

Mr. Fleming: But it would be a different kind of deck from the kind you would put in for a single trip.

By Mr. Johnston:

Q. What effect do you think the increased freight rate will have on the production of hogs in the west?—A. Well, at the present time, I do not think it will have very much increase, but if the price went down rapidly, more than the increase in the current price, the increase on livestock would tend to work against livestock in favour of grain.

Q. Therefore, there would be a lessening of hog production?—A. It would tend that way.

Q. Because of the increase in freight rates?—A. Yes.

Mr. McCubbin: That is true if the prices had stayed the way they were.

The Witness: I do not think so—not prices at the present level.

Mr. Thatcher: Are you going to adjourn?

Mr. JOHNSTON: Have you any hopes for a long-range policy in which prices will stay the way they are?

The WITNESS: We have a lot of hopes.

The VICE-CHAIRMAN: Gentlemen, would you say we were through with Mr. Allen?

Mr. DYDE: No, I think there are a few more questions.

The VICE-CHAIRMAN: We will adjourn until 4.00 p.m.

The meeting adjourned to meet again this afternoon at 4.00 p.m.

AFTERNOON SESSION

April 20, 1948.

The committee resumed at 4.00 p.m.

The VICE-CHAIRMAN: Gentlemen, there is a quorum.

Mr. DYDE: Before we complete the evidence of Mr. Allen I should just like to inform the committee that we have put in motion inquiries which will give us at least some of the information requested this morning. Mr. Allen telephoned Edmonton between this morning's session and this afternoon but unfortunately the man in Edmonton who can give the information required is out of town. That man will be back tomorrow and Mr. Allen tells me that as he is leaving Ottawa tonight, arriving in Edmonton tomorrow, he will get the information and supply it to the committee as soon as possible.

Mr. THATCHER: Before we proceed further I would like to say that I have been waiting four or five days to discover whether the steering committee has taken up the matter of nails.

The VICE-CHAIRMAN: I have been away since Friday and consequently I do not know. I did speak to the chairman with regard to a steering committee meeting but I do not know whether there was a meeting held.

Mr. IRVINE: No.

The VICE-CHAIRMAN: Mr. Irvine tells me there has not been a meeting.

Mr. THATCHER: Could you call a steering committee meeting? Probably Mr. Martin is so busy he has not had the time, but I would like some decision on the matter.

The VICE-CHAIRMAN: I myself think that the steering committee should meet soon and I will take steps to see that it does meet.

Mr. IRVINE: I heard Mr. Martin say he expected a steering committee meeting to take place today or tonight.

The VICE-CHAIRMAN: Mr. Martin must have been thinking out loud because no notice has gone out and he has not said anything to me about it. Since I am in the chair at the moment I will follow the matter up and make arrangements for the calling of a steering committee meeting.

Hugh W. Allen, President of the Alberta Live Stock Co-operative Limited, Edmonton, Alberta, and Director of the United Grain Growers' Limited, Winnipeg, Manitoba, recalled:

Mr. DYDE: Mr. Allen, would you turn to the last page of your brief and suggestion No. 5?

The VICE-CHAIRMAN: There is a little too much noise both at the table and farther back.

By Mr. Dyde:

Q. You refer in that clause to the buying practices of the packing industry. Would you elaborate on your suggestion for the benefit of the members of the committee, and tell us what is means?—A. Well, Mr. Chairman, particularly the co-operative associations in Alberta have objected to the variation in prices in the different areas of the same province. I am not referring to variation caused by distance but I mean variations in price in different areas which would be approximately the same distances from the packing centres. As I understand it, those variations exist because of competition between the packers for volume and in certain areas, which they call competitive areas, they will pay higher prices than they will pay in other areas. I am not suggesting the variations in price are serious as they run from 50 to 75 cents a hundredweight but, after all, we sell a standard product. The western farmer objected very strenuously in the old days to the variations in the price of wheat and we got the Canada Grain Act put into effect whereby a bushel of wheat sells at the same price all over Canada, allowing for freight differential. We believe that hogs, which are now graded pretty accurately, should be on the same basis and there is no reason for the variation which exists at the present time. We have taken this matter up with the packers on a number of occasions and I think most of them will admit it is just a practice that has grown up; they were more or less forced into the practice but they cannot really justify it. They have never offered an argument that would justify the variations to my way of thinking. When the Ontario Hog Marketing Act came into effect, we in Alberta watched it very closely. I believe there was a provision in that act that a negotiating committee could do something along these lines, that is setting a standard price for various grades, but I understand that it has never been attempted under the act. As I say, I am not suggesting that the variations have seriously affected the cost to the consumer, but they have upset the industry a great deal and I think it would be of benefit if standard prices for live stock were established within the various grades on a fair and equitable basis. I do not think it would hurt the packers and it would certainly encourage the producer.

Q. Are there any other questions on that suject?

By the Vice-Chairman:

Q. I wonder if there would be any way of knowing to what extent a price lower than what you might call the daily market price is paid? Have you any way of estimating that?—A. I am not sure that I get the point of your question.

Q. There are some areas, Mr. Allen, in which you say the price gets lowered by reason of this competition and I was wondering whether there would be any way of finding out how much is bought at the lower price?—A. No, Mr. Chairman, it is actually a higher price. As I understand it, and I think it was mentioned in a previous brief, the meat board sets what you might call the floor and the price below which, in the different packing centres, the packer does not go. It is a basic price in Toronto, Winnipeg, and Edmonton, and that is the price which anyone gets for hogs delivered at the plant. I am now speaking of Alberta where there is the basic price at the Edmonton plant, but the packer goes out in the country and pays 50 to 75 cents a hundredweight in certain areas for the same stock. Perhaps they will pay \$27 a hundred in Edmonton, but in another area they may pay \$27.50 and in still another area they will pay \$27.75. Those areas are what the packers call competitive areas. The packers are seeking volume but it upsets the industry. There is no justification for the variation beyond the fact that it may get a few head more stock into a certain packing plant, but the other packers come right back and offset that increase.

Q. Just a second there, would your desire be to prevent an area from getting the additional money, or would you desire to raise all other areas up to that level?—A. If you are basing your price on the British contract surely you must realize pork is worth so much a hundred. Why should a hog from one town be worth $27 a hundredweight but you go to the next railway point and the hog there is worth $27.50. There is no reason for the variation.

Q. No, but if the buyer wants to pay should he be prevented? Is it your idea that he should not be allowed to pay a bonus?—A. If the bonus was available to everyone there would be no objection. If the packer went into the open market and bought at the highest price there would be no objection. If the different packing companies actually bid on the hogs, and if they were sold to the highest bidder no one could have any objection, but the packers actually outline certain areas in which higher prices are paid.

Mr. McCubbin: Is there not some difference in the freight charges?

The Witness: I am speaking of variations outside of the freight charges.

Mr. Pinard: What would be their reason for so doing?

The Witness: They claim that a packing company must have a certain volume to keep the plant going and occasionally they do not receive that volume. They are then forced to go out and get additional volume to keep the plant busy. They go to certain areas—generally where there are two lines of railway and the stock may be shipped to Winnipeg or Toronto or to Vancouver. A price in such an area is generally higher, but right around the packing centre where the bulk of the stock is sold the price is invariably lower.

Mr. Dyde: Mr. Allen would you go to your sixth suggestion. That is the suggestion with regard to the dominion government grading, and explain to the committee your view?

The Witness: That is a point we have taken up with the meat board before and it simply amounts to this. Under the present rail grading system live hogs are not sold in Edmonton for shipment to eastern Canada. In the old days when live grading was in effect Montreal buyers came to Edmonton and bought carloads of hogs. Today they do not do that. There is not a carload of bacon hogs moved out of Edmonton to Montreal or Toronto, regardless of the price prevailing in eastern Canada.

Mr. Thatcher: Would that be true of export hogs—hogs going to England?

The Witness: I am speaking of 200 pound hogs, bacon hogs. This clause does not apply to sows or heavy hogs which are moved occasionally to eastern Canada. However, buyers simply will not go to western Canada, Edmonton or Calgary, and attempt to buy hogs by the carload for movement to eastern Canada even though they might be able to do so advantageously owing to the price existing in eastern Canada at the time. They do not do so because of the grading regulations. It is just not practical under the present way of making settlement to the producer to take a carload of hogs out of Edmonton, move it to Montreal, await the grading return back from Montreal, and then make your individual settlement with the producer as must be done now. Prices as they are now are determined pretty well by the U.K. contracts and the regulations do no serious harm, but, if we ever get back to the point where domestic prices set our market price, it may be very serious. For instance a little over a year ago I was in Ontario and at that time the price in Ontario, owing to the domestic demand, was away out of line with western prices. I have forgotten the spread but it was beyond the freight differential. Just at that time there was an increase in the British contract price—it was a small increase of 50 cents a hundred weight. In Edmonton we got an increase of 50 cents but in Ontario, owing to the level to

which domestic prices had forced the price, instead of getting a price increase the week the raise came into effect, the price in Ontario dropped. I am just mentioning that to show how prices get out of line occasionally.

By Mr. McCubbin:

Q. There is not much you can do about that?—A. If we get back to the time when hog prices are determined by domestic demand in eastern Canada, it is going to be a serious thing for western Canada if we cannot freely move hogs into the eastern market.

By Mr. Thatcher:

Q. Is that not a good thing? Are you suggesting that most of the western hogs are being processed in Alberta?—A. Absolutely.

Q. Do you want the people working in Alberta? I would think it would be better to have your hogs processed in the west than sending them down to Ontario?—A. Yes, but if your Ontario price gets out of line, say a dollar or two dollars a hundred, you cannot move hogs from the west into Ontario. I am suggesting the industry just cannot continue in the west with a price variation that great.

. . . (At this point Mr. McCubbin assumed the chair)

By Mr. Dyde:

Q. The difficulty in your suggestion would be that you would have to brush aside the rail grading system for the time being?—A. I am not certain you would. I think some other way could be found. I think it is important proper provision be made to allow bacon hogs to be moved into eastern Canada. The time may came when it would be very important to the west to have access to that market.

By Mr. Harkness:

Q. What you suggest is an alternative grading method?—A. Yes.

By Mr. Irvine:

Q. Could you give us a practical example to illustrate what you mean? I do not think we are all clear on the point.

By Mr. Dyde:

Q. I think Mr. Irvine means, supposing you had a carload of hogs on your own farm 400 miles from Edmonton, at the present time, what you have told the committee is, it is not possible or it is not practicable for you to ship them to Montreal. That is correct, is it not?—A. Yes.

Q. You gave us your reason and you might repeat it now?—A. Well, I would not say one farmer ever ships a carload of hogs. What happens is that a carload of hogs is owned by a dozen or twenty different farmers. Settlement has to be made to the individual farmer on the basis of the graded carcass after it has been butchered and hung up in the plant. That means the hogs coming to the plant are processed and then, gradually, the settlement works back to the farmer who shipped them.

Under these regulations the delay is so great and there is so much confusion as well as the possibility of mistakes between eastern Canada and western Canada, the buyers have simply stopped buying in western Canada. Under the live grading regulations, the Montreal buyers were on the Edmonton market whenever they needed hogs. Today, they do not come there at all except for the over-weight hogs which do not come under these regulations.

By Mr. Pinard:

Q. In so far as Montreal and Edmonton are concerned, what is the difference in the regulations? What is the difference between the regulations prevailing in Edmonton and those prevailing in Montreal? You told us there was a difference in those regulations?—A. There is no difference in the regulations, it is just the distance and the time which must elapse before a settlement can be made to the owners which makes it impracticable to ship hogs that distance.

By Mr. Irvine:

Q. I think your point is perfectly clear so far, but it is not clear to me yet what the real difficulty would be as to the price. What circumstances would alter the situation adversely for the farmer in Alberta?—Well, if a Montreal buyer can come into the Edmonton market and buy a carload outright and settle for them in Edmonton, as he used to do under the live grading, that would eliminate the difficulty. It is in making the settlement that the difficulty arises.

By Mr. Thatcher:

Q. I cannot see how the west is not better off having these hogs processed in the west rather than shipping them to the east. Is it not more economical to process them in your own province?—A. Absolutely, I am only speaking of a time when prices in Ontario may be so much higher than the prices in the west, it will be desirable to ship hogs into eastern Canada on account of the price variation.

By Mr. Irvine:

Q. Would not some packing houses in the west be able to transfer the hogs to their packing plants in the east without an alteration in the price to any great extent? This would keep the price more or less uniform?—A. You see, no one can buy hogs outright alive at the present time. The settlement is made after the hog is processed. He still belongs to the producer until he is processed.

By Mr. Johnston:

Q. Even though the hogs are shipped to Montreal?—A Yes.

By Mr. Irvine:

Q. The only thing that could account for an increase in the price in Ontario over that in Alberta, as I see it, would be a shortage of hogs in Ontario?—A. Your domestic market in Ontario forces the prices up higher than in the west.

Q. Then, supposing your hogs were processed in Alberta, say by Canada Packers, the settlement is then completed after they have been processed?—A. Yes.

Q. What is the matter with the packing house supplying the market fully in Ontario so as to prevent the price from rising, with the hogs which have been supplied in Alberta?—A. That would work out all right for the individual companies, but very often these men from eastern Canada who wish to buy in western Canada have no connection in the west. They want to move live hogs into eastern Canada to butcher there. They have no western connection.

By Mr. Thatcher:

Q. Then, your association is against compulsory hog grading as it is at present?—A. No, I would not say that at all. We are just asking that some way be found to make it possible to ship live hogs into eastern Canada if the necessity ever arises. Under the present regulations, it is almost impossible to do it.

By The Acting Chairman:

Q. If that occurred, Mr. Allen, would not your best domestic market be the west coast?—A. Yes, but the west coast can only take a limited amount.

Q. British Columbia produces practically no hogs?—A. No.

Q. You would naturally think British Columbia would look to Alberta for its bacon?—A. It is our best market but, as I say, the amount British Columbia can handle has, up until the present time, been limited.

By Mr. Pinard:

Q. What is the amount which can be absorbed in the west, proportionately?—A. You would get a record of that in the weekly grading in British Columbia. I would not like to give it offhand. I mentioned this morning that we ship an average of 21 carloads a week to British Columbia. I imagine that might, possibly, be half the total amount which is shipped, but the dominion record of hog grading would give you that information.

Q. The rest goes to Ontario and Quebec, the other 21 carloads?—A. No, I said we shipped an average of about 21 carloads a week to British Columbia. The rest of our stuff is practically all sold in Alberta or a little goes to Winnipeg and some to Saskatchewan plants. We do not move any bacon hogs to Ontario.

The ACTING CHAIRMAN: Are there any other questions?

By Mr. Thatcher:

Q. Mr. Allen, in your table 1 and your chart, you show that in Alberta the production of hogs has dropped very drastically over the past several years. I notice that it is also true of the other western provinces, but it is not true in the east. From your evidence, I have not yet found any particular reason for that. Is there any reason why production has dropped so much in the west over the past several years?—A. I think it is accounted for by the increase in grain prices.

Q. Grain prices were frozen for quite a while and that decrease has extended over three or four years; that might be partially true, lately?—A. Production dropped in 1946, and that was the first drastic fall. It dropped again in 1947 but it is apparently going up this year. Grain prices, especially coarse grain prices, were higher in those years.

Q. In my constituency, I have a great many people who write me claiming it is due to the income tax. Do you hear any complaints of that nature in Alberta? People consider it is so much work raising hogs, that with the income tax where it is, it does not pay them?

Mr. FLEMING: You hear those complaints in every province.

Mr. THATCHER: I am asking Mr. Allen.

Mr. FLEMING: I will give you that testimony.

The WITNESS: I have heard that objection to paying income tax from practically every farmer.

By Mr. Thatcher:

Q. Would that be one of the reasons why hog production has fallen off?

Mr. PINARD: You will always have income taxes.

By Mr. Thatcher:

Q. But it does not seem to apply in Ontario?—A. As I say, you hear that complaint from farm organizations, that the income tax has a detrimental effect on hog production. I never could figure out, myself, why it should be any more of a penalty to the hog man than to the wheat farmer.

Q. It might have had an effect?—A. It might have had an effect.

The ACTING CHAIRMAN: Are there any other questions of this witness?

By Mr. Fleming:

Q. This matter of the production of hogs, like everything else, I take it, is a matter of creating stable conditions under which it will be profitable for the producer to produce hogs?—A. That is it; if it is more profitable for him to produce wheat and coarse grains and take them to the elevator, he is going to do it rather than produce hogs.

Q. He wants a profit and he wants stability?—A. Yes.

The ACTING CHAIRMAN: Are there any other questions of this witness? Thank you, Mr. Allen.

H. J. Hargrave, Assistant Superintendent, Dominion Experimental Station, Swift Current, Saskatchewan, called and sworn:

By Mr. Dyde:

Q. Mr. Hargrave, would you give the committee your full name?—A. Harry James Hargrave.

Q. Your business address?—A. Swift Current, Saskatchewan.

Q. How long have you been at Swift Current?—A. Since September, 1947.

Q. Prior to that time, what was your address?—A. Dominion Range Experiment Station at Manyberries, Alberta.

Q. How long were you there?—A. I was there from 1934, the spring of 1934, up until last fall.

Q. Are you a native of the west?—A. Yes, I was born at Medicine Hat, on a ranch just outside Medicine Hat.

Q. Do your people still operate a ranch in Alberta?—A. Yes, sir, still in the business on the same ranch.

Q. Would you explain, briefly, your work at Manyberries? Had that to do with cattle?—A. Yes, I may say that my work at Manyberries, in connection with the range experiment station there, consisted of working on the problems with which the producer of range cattle and range sheep is confronted in this business, and the interests of the producer have been our chief concern in this division of the work of the Dominion Experimental Farm Service.

Q. Have you continued in the same type of work since you went to Swift Current?—A. Yes, my work in Swift Current is now chiefly that of supervising the range livestock experimental work in British Columbia, Saskatchewan and Alberta.

Q. I have asked you to produce a brief before the committee, Mr. Hargrave. I believe you are prepared to read it now, are you not?—A. Yes.

Q. Would you please read it?—A. Yes.

BRIEF ON THE COST OF BEEF PRODUCTION IN WESTERN CANADA

SUBMITTED TO THE SPECIAL COMMITTEE ON PRICES, OF THE HOUSE OF COMMONS, BY H. J. HARGRAVE, ASST. SUPERINTENDENT, DOMINION EXPERIMENTAL STATION, SWIFT CURRENT, SASK.

Beef production in western Canada can be logically divided into two broad phases of the industry. These are: (1) the production of cattle on the farm and ranch, and (2) the fattening or finishing of cattle on the farm, feedlot or ranch. Due to a combination of circumstances both controllable and otherwise, operators in both of these major phases of the beef industry are today in the midst of critical times. High feed costs coupled with abnormal weather conditions have produced a situation which has not been paralleled since the

spring of 1920. These circumstances are responsable for an alarming increase in the cost of beef production which is of much concern to both producers and finishers of beef in view of present beef prices.

The cost of beef cattle production on the ranch in western Canada will be first considered and this will be followed by consideration of the costs involved in finishing cattle for market.

Cost of Production on Western Cattle Ranches

During the period 1938 to 1941 the Economics Division in co-operation with the Experimental Farms Service, Dominion Department of Agriculture, conducted an economic survey of 218 cattle ranches in western Canada. These ranches were located in the five main ranching areas including the shortgrass prairies of southern Alberta and southwestern Saskatchewan, the Cypress Hills area within the shortgrass plains, the northern prairies in Alberta and Saskatchewan, the Alberta foothills, the Kamloops-Nicola area and the Cariboo-Chilcotin area in British Columbia. A detailed account of the financial operations on each of the 218 ranches was obtained for three consecutive years from 1938 to 1941.

Over the three year period the average ranch carried 367 head of cattle and marketed 104 head each year. Cash operating expense per ranch averaged $3,280.00 per year. The following table indicates the main items of this expense:

TABLE 1

Cash Operating Expenses 1938-41		*Per cent*
Labour	$1.548.16	47.2
Lease and Taxes	577.60	17.0
Truck and Auto Costs	255.84	7.8
Feed	403.44	12.3
Repairs and Miscellaneous	514.96	15.7
Totals	$3,280.00	100.0

Cash Operating Expense per head carried—$8.93
Cash Operating Expense per head marketed—$31.54.

By Mr. Fleming:

Q. That table 1, is on a per annum basis; is that the average for three years, or four?—A. That is the average for the three-year period; of course, it is the per annum average.

Q. But it is a four-year period, is it not?—A. It is actually a three-year period. The survey started in 1938-39.

Q. Oh, you have taken the fiscal years?—A. Yes. It was completed in 1941.

Using the above breakdown of operating expenses and combining them with their respective increases in cost as indicated by the Dominion Bureau of Statistics and by other sources, the situation on the same average ranch in 1948 is approximately as follows:

TABLE 2

Cash Operating Expenses 1948		*Per cent Increase*
Labour	$4,531.46	192.7
Lease and Taxes	1,129.14	102.5
Auto and Truck Costs	344.87	34.8
Feed	1,005.78	149.3
Repairs and Miscellaneous	903.74	75.5

Cash Operating Expense per head carried—$31.54
Cash Operating Expense per head marketed—$76.11.

An over-all increase of 141·3 per cent is indicated in the above comparison of cost factors existing in 1938-41 and at the present time. This increase in the costs of ranching over the past ten years may appear rather large, but a further examination of the individual cost factors indicates that the above picture is reasonably close to the facts.

Labour, the largest single item of cost, now requires a cash outlay of nearly three times that prevailing in 1938. At that time ranch hands could be hired for $20 to $30 per month and board. Now the rancher has to pay $80 to $100 per month with board for the same kind of help.

Rentals on grazing leases in some areas are now two to three times as much as they were 10 years ago and taxes on leased and deeded land have increased in like manner. In Alberta the combined tax and rental in the shortgrass prairies on land that will carry one cow on 50 acres was 2c. per acre in 1938. Today 5½c. is the charge for the same acre. Land in the foothills that will carry one cow on 24 acres was available in 1938 at a total cost of 4c. per acre for lease and taxes. In 1948 this acre costs 11½c. In Saskatchewan the lease on crown lands has not varied but taxation on such leased lands as well as on deeded lands has increased by approximately 100 per cent. Grazing rates per head for forest reserves, community pastures, etc., have also risen sharply over the past ten years. It is thus evident that an over-all increase of 102·5 per cent for land charges is not far out of line.

Increased costs for the operation of the automobile and truck appear to be conservative at 34·8 per cent over the past 10 years.

In 1938 grain was worth approximately one cent per pound on the ranch. Today it costs 2½c. per pound. Hay that was worth $10 per ton in 1938 now costs $20 to $25 per ton and in some cases has sold for as much as $65 per ton in recent weeks. Straw has increased to as much as $25 per ton in recent weeks owing to the pressure of demand. Thus an over-all increase in feed prices of 149·2 per cent (as shown by the Dominion Bureau of Statistics for January, 1948) does not appear excessive.

The maintenance and repair of fences is an important item of expense on a ranch. Fence posts which cost 12 to 15 cents in 1938 cannot be bought for less than 30 to 40 cents today. Machinery repairs, threshing expense, binder twine, and numerous miscellaneous items involved in the operation of a ranch have all advanced sharply over the years, indicating that a 75·5 per cent increase for these items may not be far out.

The above cash operating costs of a ranch do not include depreciation and investment expenses. The average ranch operating 367 head of cattle had an average capital investment of approximately $35,000 in 1939. At present day values the capital involved in the same ranch would be approximately $75,000. At 5 per cent interest the investment expense would amount to $1,750.00 per ranch in 1938 and $3,750.00 per ranch in 1948. There would be a corresponding increase in depreciation which is of major importance in a ranching business and applies to items such as buildings, equipment, machinery, fences, bulls and lease contracts.

Although it is not feasible to obtain up-to-date figures on all of the ranches studied in the above survey, it has been possible to obtain statements showing operating expenses and inventories from four representative ranches situated in the shortgrass areas of Alberta and Saskatchewan. Accurate cost figures for the years 1939 and 1947 were obtained from auditors' statements for each of the four ranches, and make an interesting comparison with those reviewed above. Although varying conditions on these ranches resulted in considerable variation in expenses, the general increase in operating costs between 1939 and 1947 is quite evident, and not far out of line with those listed in tables No. 1 and 2. To facilitate comparisons, the totals in the above tables are included in Table 3, which follows.

TABLE 3

ACTUAL CASH OPERATING EXPENSES FOR 4 RANCHES—1939 AND 1947

—	Ranch A		Ranch B		Ranch C		Ranch D		Ranch survey operating costs	
Year.	1939	1947	1939	1947	1939	1947	1939	1947	1938-41	*1948
Total cattle..........No.	653	676	1,242	880	750	750	580	1,075	367	367
Breeding cows........No.	240	210	500	371	300	300	220	350	150	150
Cattle marketed.....No.	170	153	375	300	210	210	155	440	104	104
Cash operating expense. $	5,286.32	14,234.14	8,460.12	13,000.00	7,065.36	13,219.66	5,595.74	25,802 70	3,280.00	7,914.99
Cash operating expense per head operated . $	8.10	21.06	6.89	14.77	9.42	17.63	9.65	24.00	8.93	21.57
Cash operating expense per head marketed.. $	31.10	93.03	22.56	43.33	33.64	62.95	36.10	58.62	31.54	76.11

* 1948 operating costs as indicated by price increases to date.

A study of the above table shows a marked increase in the operating expenses for all ranches involved in this limited survey. Changes in cattle numbers, differences in numbers and ages of cattle marketed, and variations on the individual ranches from the standpoint of natural advantages and management practices are responsible for the varying costs which occur both within the ranches and between the four ranches.

When the 1948 books for these four ranches are closed they will no doubt show up the effects of the long critical winter period that is not yet concluded in western Canada. Increased feed costs will be evident along with reduced inventories as a direct result of stock losses. Calving on the range commenced in early April in the midst of most unfavourable conditions. Owing to storms, snow-covered ranges and exhausted feed supplies, there has already been a heavy loss of newborn calves as well as older stock. These conditions serve to indicate a few of the risks and hazards involved in the ranching industry of western Canada—risks which in past years have forced many ranch operators into bankruptcy.

Costs of Finishing Cattle in Western Canada

The 1947-48 cattle finishing season has been one of the most difficult seasons ever experienced by the cattle feeder who makes a business of buying feeder cattle in the fall of the year to fatten them. The majority of the feeders in the irrigated districts of Alberta and in the mixed farming areas of the west made their plans and had their cattle purchased prior to the time of the removal of ceilings on feed prices—October 22, 1947. Feed prices immediately doubled after this date with the result that a great many feeders were caught with insufficient feed and forced to purchase feed at the increased prices or dispose of their cattle in an unfinished condition. The situation has been further complicated by the abnormal weather that has prevailed in western Canada since February 1. The demand for feed, especially roughages, has forced the prices up to absurd levels.

An outline of the costs of feeding cattle in the 1947-48 season is shown in table 4, which details actual cattle finishing enterprises in commercial feed lots and on farms in Saskatchewan and Alberta. Figures used in this table have been supplied by the operators in each case.

TABLE 4

GAINS AND FEED COSTS IN ACTUAL CATTLE FEEDING ENTERPRISES—1947-48

Feeder Number	A	B	C	D	E	F	G
Number days on feed	112	105	105	160	106	139	210
Initial weight per head . . . lbs.	800	540	821	650	750	800	1,000
Final weight per head . . . lbs.	1,035	733	1,050	1,000	908	1,015	1,523
Total gain . . . lbs.	235	193	205	350	158	215	523
Tota feed cost per head . . . $	50.02	46.43	40.80	70.00	50.40	65.08	140.22
Feed cost per cwt. gain . . . $	21.75	24.06	19.90	20.00	31.90	30.27	26.81
Cost of grain per cwt . . . $	2.25	2.25	2.25	2.50	2.00	2.00	2.50
Initial cost per cwt . . . $	11.75	12.00	13.00	12.00	11.00	12.00	14.00
Final selling price per cwt . . . $	14.80	15.00	14.50	15.00	14.25	15.50	16.50
Profit or loss over feed cost per head . . $	9.16	−1.28	4.72	2.00	−3.51	−3.81	−28.92
Margin . . . $	3.05	3.00	1.50	3.00	3.25	3.50	2.50

The above table deals with the actual costs for feed only, as supplied to the cattle while in the feedlots. The additional costs in a feeding enterprise include labour, bedding, interest on invested capital, charges for overhead and depreciation on feedlot equipment as well as the costs incidental to purchasing and selling the cattle. No allowance has been made for death loss in the feedlot.

The feed cost per cwt. gain varies from $19.90 to $31.90, and the actual selling price of the fattened cattle ranged from $14.25 to $16.50 per cwt. live weight. Purchase price of the feeder cattle ranged from a low of $11 per cwt. to a high of $14 per cwt. The margin represents the difference between the cost of the feeder steer and the selling price of the same steer when it is sold after finishing, and varied from $1.50 to $3.50. Three of the operators show a small profit over feed costs while four show an actual loss. With the inclusion of the above mentioned charges in addition to actual feed costs it is quite evident that cattle feeders have operated at a loss in western Canada during the past feeding season.

In normal times when there is a normal relationship between feed prices and livestock prices, the cost of producing 100 lbs. gain on market cattle closely approximates the price per 100 lbs. of fat steers. This situation pertained up until the removal of controls on feed last October; steers were selling up to 15 cents per lb. and feed costs were just a little under this figure. With the removal of controls, grain prices doubled but there was no corresponding increase in beef prices. There has been some advance in beef prices since then, but it has not been sufficient to compensate for the rise in grain prices.

The amount of feed required to produce a gain of 100 lbs. varies greatly depending upon the class of cattle fed, quality of feed and management. For yearling steers going into the feedlot at 700 lbs., the average feed requirement for 100 lbs. gain would be approximately 500 lbs. grain and 500 lbs. roughage. At present prices of grain and hay this 100 lbs. gain will cost nearly $20.—considerably more than it will now bring when the fat steer is sold. In order to make a normal profit at present feed prices, the majority of the feeders in western Canada are of the opinion that they should receive $18 to $20 per cwt.

for well finished cattle. When all finishing costs are considered experienced feeders estimate that the loss on their operations during the past season will range all the way from $10 per head to an extreme of $50 per head for long-fed steers.

Cold stormy weather during the months of February, March and April have resulted in increased feed consumption and reduced gains in the feedlots, and these circumstances have also contributed to the losses experienced.

Conclusion

A glance at the history of beef cattle production in western Canada brings out several facts that are pertinent from the standpoint of the present status of the industry. During the period 1929 to 1939 beef producers went through one of the most difficult periods in the history of the industry. Depressed prices coupled with adverse climatic conditions resulted in heavy financial losses. At the end of this period the physical and financial assets of the beef producer were almost exhausted. Ranch buildings and equipment were in a very poor state of repair and the average debt was at a record high level.

Since 1940 conditions have improved very materially as a result of increased livestock prices and improved climatic conditions. However, during the war years taxation was such that adequate financial reserves could not be built up to repair all of the assets which fell into disrepair during the 1930's. Scarcity of labour and materials has been of great concern to the beef producer as he has not been able to take full advantage of his improved financial condition. Reasonable profits have been made in the industry since 1940, but these profits have not been excessive in view of the conditions to which the industry was subjected immediately prior to World War II, and in view of the magnitude of the risk that is involved in the business of producing beef.

All of which is respectfully submitted.

By Mr. Dyde:

Q. Mr. Hargrave, would you turn to the second page of your brief. I think you can tell the committee something more than you have done with regard to the other sources from which you obtained your estimate of cost. I know that you have taken certain steps, but I think you ought to outline to the committee what you have done in order to reach these estimated figures for 1948?—A. Well, in the case of the items of labour, truck and auto costs, feed, repairs and miscellaneous; that is, all the items with the exception of leases and taxes, I used figures taken from the Dominion Bureau of Statistics estimates of per cent increases for these items over 1939. Now, the base period used in the Dominion Bureau of Statistics is 1935-1939. In this comparison, like the 192·7 per cent increase in labour, that represents the increase dated from 1939 up to 1947, or the end of 1947. Now, in the case of leases and taxes, they are a little more difficult to get at as the Bureau of Statistics had no figures which could be used to indicate how much leases and taxes the rancher has to pay have increased over the past number of years. However, I was able to contact the officials of the Department of Lands and Mines at Edmonton, and the Department of Agriculture at Regina, and from the advice received from them it appeared that a conservative estimate of the increase for land charges included in lands and taxes paid on both deeded land and leased land would be around 102·5 per cent.

Q. Would you go a little further and explain the system of charging for lease land in Alberta?—A. In Alberta, our lease lands in that province are now based on a sliding scale and the charge is according to, first of all the price of the product produced from the land and the carrying capacity of the land; and that policy is so fixed that when beef prices are high the stock man pays more money for the use of that grass and when beef prices drop he pays less money.

Land that would carry one cow on 24 acres naturally costs the stock man more money than land which would carry only one cow on 50 acres. And it is on that basis that the lease rental taxes are administered by the Department of Lands and Mines in Alberta. I may say the same system is now being followed by the Department of Agriculture for crown lands within the province of Saskatchewan; but the old system which prevailed prior to this time was the flat-rate system, and that found the producer in difficulties when years of low prices came along; and when years of good prices came along public opinion also got the producer into difficulties because the public at large thought the producer was getting the grass too cheap.

By Mr. Dyde:

Q. On page 2 of your brief near the bottom of the page there is a reference to the increased cost of labour. We have had some suggestions, Mr. Hargrave, with reference to the need for farm labour in western Canada. Would you care to give the committee your view on that matter?—A. On ranches in western Canada the shortage of labour has been very very noticeable throughout the years since 1940, and the labour shortage is still quite evident throughout the ranching country.

Q. Have you any suggestion as to how it might be improved?—A. Possibly one suggestion might be that the rancher be able to obtain more labour-saving equipment than he has been able to get so far. The mechanical devices which have been developed to reduce the hard work on a ranch have been quite numerous in recent years, but the trouble has been that many of those pieces of equipment are not available. The stockman has not been able to take advantage of the equipment. If the stockman could eliminate the necessity of hiring men of uncertain calibre to do the hay forking and so on, and there seem to be very few men who like to do that at the present time, it would put the stockman in a very different position.

Mr. IRVINE: May I ask a question? If $80 a month or $100 a month represents an increase of 192 per cent in salary, how much was being paid before?

Mr. PINARD: The brief states that a worker was getting $20 a month.

Mr. HARKNESS: Yes, $20.

Mr. IRVINE: I beg pardon?

Mr. HARKNESS: The ranch worker was getting $20 a month in 1930.

The WITNESS: There were lots of men hired around that time on ranches for less than $20 a month, but that is a rough figure.

Mr. IRVINE: How many men do you suppose it would take to run a ranch carrying the average number of head you have given here?

Mr. DYDE: 367?

By Mr. Irvine:

Q. Yes?—A. That would depend a lot on what the natural advantages of the ranch were. One ranch would possibly require twice the labour owing to the differences in set-up.

Q. Could you guess at an average?—A. There are ranches of that size which can be run by one man with extra help at busy times of the year. Sometimes a ranch of that size takes half a dozen men. It is pretty hard to give a close figure.

Q. Would three or four men the year round be sufficient to handle 300 head of cattle?—A. Three or four men would be more than sufficient.

Mr. JOHNSTON: You could not afford to have three or four men for the whole year when you could not use them. You would want five or six men in feeding time and you would only want perhaps one man in the summertime.

The WITNESS: Yes.

By Mr. Irvine:

Q. How would you pro rate it over the year?—A. The period in which you need most help is when you are putting up hay. That is the busiest time, and there are other periods such as branding time and when you are handling your shipping when you need additional help.

Q. What I was getting at was the fact that the 192 per cent increase in labour, while no doubt accurate, would seem to give us a wrong impression. If you take the total amount paid for the labour on any ranch and relate it to the selling price of the animals handled it might not be as great a factor as this 192 per cent increase would seem to indicate. I would like to see that approach made to this problem because I doubt whether you will get very many men who will work for less than $80 a month.—A. No, they are scarce these days.

By Mr. Johnston:

Q. Have you given any consideration to the labour problem from the standpoint of immigration? One of the witnesses did suggest it might be a good thing to have more immigration?—A. One of the difficulties with men coming in under an immigration plan, as far as the ranch is concerned, is that they would take quite a lot of breaking in before they were of very much use to the rancher. There are a lot of jobs customarily done on a ranch which men such as those would not be able to do without quite a long apprenticeship.

Q. Would you get them at a very much reduced salary?—A. That would depend, I imagine, upon the agreement under which they came. Probably they would be quite willing to come at a reduced salary.

Q. I doubt if that would continue for very long. As soon as they are broken in they would want the same salaries as anyone else.

Mr. DYDE: I think the view you have expressed is that labour-saving equipment is the solution.

The WITNESS: Yes, I think most of our stockmen would prefer to take as full advantage as they could of labour-saving equipment in order to avoid the grief which they have to go through with the indifferent help that is now required to be used. The calibre of the range help during the last ten years has been none too good and it has certainly been a headache for the operators. If the stockman could reduce the number of those men he had to use and substitute up-to-date labour-saving devices it would help. It would help him in so far as haying operations and feeding operations are concerned.

By Mr. Johnston:

Q. But it takes more experienced help to run the machinery, and the cost would be greater?—A. Yes, but one experienced man, paid possibly twice as much as the average type of man, could accomplish a great deal more than three or four men.

Q. You could not materially lower the cost of production then by way of new machinery?—A. Of course it would depend entirely upon the operation and the particular kind of business that the rancher has. I think there are a good many ranchers who could take full advantage of labour-saving equipment.

By Mr. Dyde:

Q. You referred a moment ago to branding and I think it might be convenient to bring in a question upon which I think you have a view. The committee has not heard this yet, but I understand that it will be suggested to the committe later that it would help the situation in the westerner would refrain from branding in the present manner and that it would increase the value of the hide, in addition to other advantages, if the change were made. Have you any view on that subject?—A. From the standpoint of the rancher out west I do not think there has been anything satisfactory yet devised for identifying his cattle other than a brand. I think most of the men out there are fully cognizant of the damage brands do to hides but nevertheless these steers will climb through fences and get into the neighbours fields and there are still cases of theft out there. A brand is the only way of identifying an animal.

(Mr. Maybank resumed the chair.)

By Mr. Johnston:

Q. Is there not some tendency to switch to jaw branding instead of side branding?—A. That is possible. With a certain amount of persuasion some of the men who have big brands across the ribs might have them changed to the hips, the thigh, the shoulder, or the jaw, so as not to injure a large amount of hide.

Q. Do you think that has a material effect on the selling of the hides?—A. The rancher has yet to be convinced that he will get full value for the increased worth of the hide.

Q. Whether he brands on the jaw or not?—A. Yes.

Mr. IRVINE: What are hides worth on an average today? They were worth very little in 1930 and I wonder what they are worth now?

The WITNESS: I would not care to express an opinion on that, but I think roughly they are worth ten cents a pound—that is for green hides, and I would not be too sure of the figure.

By Mr. Dyde:

Q. Would you turn to page 5 and the table which you have numbered 3. I understand those figures which you have taken are from audited statements?—A. Yes.

Q. And you probably are familiar with the ranch in each case?—A. Yes, I have been on all of those ranches and they are quite familiar to me.

Q. I was wondering whether you could explain why ranch A had such an extraordinary high cash operating expense per head marketed, compared with the others?—A. I think possibly the situation on ranch A, in the winter of 1946, was materially different to the situation with respect to some of the other ranches involved, and the additional cost for feed entered into the high figure of $93.03.

Q. Would you explain a little further?—A. Another reason for the increased figure is that only 153 head were marketed in 1947 as compared to 170 head marketed in 1939.

Q. He had more than double the cattle in 1947, yet he marketed fewer?—A. Yes, that was no doubt due to the fact he was possibly selling more three-year-old steers than he sold three years ago. He has changed his age of marketing. That change would alter the number of stock sold. Perhaps, in addition, some local market situation enters into the picture because you will often find a man changing his plans like that. Some stockmen will sell calves, some will sell steers, some will sell yearlings, and some sell only two- and three-year-olds.

Mr. IRVINE: Did you say whether one of these ranches is in the Chilcotin area?

The WITNESS: No, as I mentioned in the brief, these four ranches are all in the short grass area in Alberta and Saskatchewan. You will notice ranch B had quite a significantly lower cash operating expense per head than any of the other ranches. The reason is that ranch B is possibly one of the most favourably situated ranches from the standpoint of natural facilities which help out the business of ranching. This man does not have to pay too much for hay, he does not have to feed too much, he does not have to bother with too much labour, and for that reason he is able to turn out a steer at lower cost than someone running the same number of cattle on another ranch which is more expensive to operate.

Mr. PINARD: Why would he reduce the number of cattle?

The WITNESS: In this particular case the man sold a lease of thirty thousand odd acres in the interval and retained an acreage only half the size.

By Mr. Johnston:

Q. Generally speaking, and talking about leases, do the ranch people find it better to have the leases arranged on a sliding scale instead of on the set payment basis?—A. Yes, generally speaking, the stockmen are very much in favour of the sliding scale basis. Grass costs more money when the prices are high, but they realize they will not get into so much difficulty when the price goes in the opposite direction.

Q. Over a long period of time it works to their advantage?—A. Yes, as it was previously, in drought years when a man had to liquidate a lot of cattle and did not have many to sell, the flat lease rate kept on and a lot of men ran into difficulty with arrears. As we see this new system it will pretty well overcome the difficulty and a man will be able to afford grass in the lean years. In the old days there had to be many adjustments made in arrears.

Mr. DYDE: If there are no more questions with respect to that page, Mr. Hargrave, would you turn to page 6. There is a small point to which I would like to refer. Down about two-thirds of the way on the page you say "the majority of the feeders in the irrigated districts of Alberta and in the mixed farming areas of the west made their plans and had their cattle purchased prior to the time of the removal of the ceilng on beef prces—" Now, what s the date on which a feeder usually acquires his stock for feeding purposes? When does he get his stock?

The WITNESS: That date varies considerably but as a general rule feeder stocks start moving in August and the movement extends on through as late as November. A rancher likes to be rid of his feeder cattle before the first of November if he can possibly arrange it, because, if he holds them longer he is running the risk of encountering storms which will give him heavy losses in weights when he moves the cattle. For that reason I think most ranchers are anxious to get rid of their feeders before there is any danger of storm loss and consequent shrinking. Probably the average date would be around the first of October, but some dispose of their stock earlier and some a little later.

Mr. JOHNSTON: In carrying them over, especially this year, they were caught very badly?

The WITNESS: Yes.

By Mr. Dyde:

Q. Following that, what is the practice of the feeder in the west with respect to acquiring his cattle for feeding purpose? Does he, at the time of acquisition of the stock, make arrangements for feeding?—A. He does and he does not. There are some feeders who, before acquiring the cattle, no doubt have sufficient feed either on their own place or in sight to take care of their operations. Other feeders operate on a closer margin as far as feed is

concerned and figure on buying feed from month to month. Perhaps they have not got the storage facilities to take care of their feed requirements. A man feeding 300 or 400 head of steers requires a lot of storage space to keep his own feed requirements.

Q. Those individuals would be the ones who would be caught by the increased price of feed?—A. Yes, they were affected more than those who had their feed on hand or who were far-sighted enough to have arranged for it.

Q. Then, would you turn to page 7?

By Mr. Thatcher:

Q. Before going on with page 7 I was interested somewhat in the point following the one which Mr. Dyde mentioned. I think the witness stated that the retail price and the wholesale price had gone up somewhat and he goes on "—October 22, 1947. Feed prices immediately doubled—" and I wonder if the witness would say whether the removal of ceilings proved of any benefit to the producer in the way of returns? Were your returns better after the ceilings were taken off, or were you better off because of the increased price of the product?—A. As I have pointed out I think there was no corresponding increase on the ceiling of beef.

Q. Our charts show beef went up a little bit, but not materially?—A. Yes.

Q. In other words the fact the ceilings were taken off did not help as producers?—A. No, the producer was in a much worse situation, especially the feeder, immediately after the ceilings were removed, as a result of the increased cost of the feed which is the biggest part of the whole cost.

Q. You were in a worse position when ceilings were taken off than you were before, even though the price of meat had gone up a little bit?—A. As I have pointed out the increased beef price did not correspond with the increased price of oil cake, for instance, which is used very widely in finishing. The price of oil cake jumped from $41 a ton to $86 or $87 a ton and it levelled off a little below that figure. That will give you an indication of how a man who was going to buy a carload of oil cake for feeding operations was situated. If he did not get it before the 1st of November he had to lay out just about twice as much as he had counted upon, and you can see how that would affect his operation.

Mr. Thatcher: If the consumer paid more for his meat, and if the producer did not get quite as much, who did benefit when the ceilings were taken off?

The Witness: I do not think I would be prepared to say where the benefit could be spread around.

Mr. Johnston: Somebody received it.

By the Vice Chairman:

Q. Am I fair in asking this question of you, Mr. Hargrave? The beef producer of western Canada certainly did not want to see the ceiling price on meats?—A. No, he did not want to see the ceiling price left on meats.

Q. It was removed on the 22nd of October, 1947?—A. Yes.

Q. If he did not want to see the ceiling price left on meat, certainly he could not expect to see the ceiling price left on grain?—A. No, that is possibly a logical comparison, in that he would not want to see one end of his business tied down to a ceiling but the other end free to go on and on.

Q. And he certainly was asking to have the ceiling removed, am I right?—A. I would not be able to say whether he was asking for the ceiling to be removed or not. The thing that worried him was the fact the removal came so suddenly.

Mr. Thatcher: That he did not benefit—?

By Mr. Harkness:

Q. Is it not a fact the ceiling on meat remained, when the ceiling on coarse grains was removed, due to the fact beef could not be exported to the United States and the price of beef was tied to the U.K. contracts? There was actually a ceiling left on beef prices?—A. There was actually a floor—the price established at the U.K. contract level—but as far as the ceiling was concerned that varied up and down according to the domestic market.

Q. The variation could only be very small, 1 cent or something like that.

Mr. McCubbin: No.

Mr. Thatcher: Look at exhibit No. 94 and you will find it.

Mr. Harkness: You will see the variation of the beef selling price was very slight, but what is it on exhibit 94?

Mr. Thatcher: It is anywhere from 0 to 15 per cent, depending upon which piece of beef you pick. Those figures are with respect to Edmonton.

By Mr. Harkness:

Q. You cannot pick out a piece of beef? I am talking about live cattle and not pieces of beef, and that is what we are talking about here.—A. In connection with the cattle feeding business I might just repeat a conversation I had with a feeder not long ago. He is quiet a large operator and he feeds 300 steers and he was talking business. He said in order to break even he was going to have to have $19.83 to pay all his overhead costs and so forth, and he was looking forward to losing about $15,000 on the deal, provided he cannot sell his fat steers for more than 16 cents a pound. Now he may have been a little optimistic when he bought the steers, and I think he had to compete with a packer buyer when he bought them. He likes to feed those steers for a long period and he sells the steers when they are around 1,500 pounds. That is his policy. He likes to look at them; and he has followed that policy for quite some years but he anticipates quite a heavy loss in view of the present circumstances.

Mr. Fleming: You say the removal of the ceilings on beef prices on October 22 was badly timed?

The Witness: I would not be prepared to say it was badly timed. I think regardless of when it came it would not have pleased everybody.

Mr. Johnston: But it should have come more gradually, you think? I think you said a while ago the suddenness with which it came caught the feeders unprepared.

The Witness: Yes, but regardless of the time of the removal of the beef ceilings and when it occurred, it would have caught somebody and somebody would have been pinched. There was feeding going on all around the country at almost all periods of the year.

Mr. Fleming: Could not a better time have been chosen?

The Witness: I would not be prepared to state an opinion on that. There may have been factors involved about which most of us knew very little.

By Mr. Harkness:

Q. Is not the essential factor of the feed production situation what I said a few minutes ago more or less; the cost of his labour, feed and so on has gone up to a very great extent and the price of finished cattle cannot possibly go much higher than it is at the present time?—A. Of course, if he had no limit on the amount of money he could get for his finished cattle that would probably solve all his problems as far as the high cost of labour and feed is concerned.

Q. Yes. What I see as the trouble is that the top price he could get for his product is really set by the contract price with the United Kingdom. He can't receive very much above that as long as we are producing more cattle in this country than we can eat ourselves.—A. It will rise a little above that.

Q. A little, but not very much.—A. As far as the fluctuation of the market is concerned, there is only local demand.

Mr. THATCHER: And the most he could get for his beef, at the present time is the price in the domestic market, and that is more or less fixed by the U.K. contract, is it not?.

The WITNESS: Yes, I think it is.

Mr. THATCHER: Well then, where would there be a premium put on them?

Mr. HARKNESS: Because if we had another place to sell our cattle, even though we consumed 90 per cent of it at home and could sell the other surplus 10 per cent abroad, then the number of cattle would increase. In the final analysis, the price which our beef producer can get for his cattle is determined by the price that he can get for the surplus which is to be exported.

Mr. IRVINE: Has there been a surplus present on the market in Canada?

Mr. HARKNESS: There has not been, because it has been taken up by the U.K. contract.

Mr. IRVINE: Therefore, that would help to raise our prices.

Mr. HARKNESS: It is the sale price which follows the United Kingdom contract.

Mr. McCUBBIN: I do not think so.

Mr. HARKNESS: Well, pretty well.

Mr. McCUBBIN: You watch the market. You take that as a floor.

The VICE-CHAIRMAN: I am afraid Mr. Fleming will want to have Mr. Harkness and Mr. McCubbin sworn.

Mr. FLEMING: I may want to participate myself.

The VICE-CHAIRMAN: Do you want to be sworn too?

Mr. FLEMING: I might want to give some evidence on the matter too.

By Mr. Dyde:

Q. Well, Hr. Hargraves, have you any other suggestions as to the way in which the producer can improve his position; I mean, without increasing the price to the consumer? Is there any way in which the producer looking at himself can say I can help the present price from going higher?—A. Well, from the angle of the feeder it has occurred to me sometimes that the man who turns out these finished steers could take greater advantage and save money for himself on these costs by finishing his steers as far as he possibly could on grass rather than 20 or 22 pounds of grain per day, and he probably in the long run could cut down his feed costs considerably, and his cost of production. However, there are not many feeders who are situated in a condition that they are able to do so. It occurs to me though that that might be one way they could cut down on production costs, by the greater use of grass.

Mr. JOHNSTON: Would not that also cut down on the net return, because the grain-finished steer is worth more than the grass-finished steer?

The WITNESS: I think in the early stages of finishing and fattening a greater amount of grass might be used, and in the last short period a greater amount of grain, sir.

By Mr. Irvine:

Q. If you could cut down on the cost of feeding the steer is there any guarantee that the consumer would get the benefits of the cut?—A. I am hardly in a position to say whether or not the consumer would get the benefit.

Q. You are not in a position ot say whether the price of beef is determined by the cost of production; is it?—A. Not altogether. There were a good many years when the cattle man produced beef at a cost which was far below the cost of production, and he had to hang on and hope for better times to come.

By the Vice-Chairman:

Q. He sold it below the cost of production. That is what you meant, wasn't it?—A. Yes.

Q. You happened to use the word "produce" twice. You didn't mean to use that—A. I meant sell.

Br. Mr. Merritt:

Q. If the price of beef to the producer were reduced, what would happen? —A. The price of beef to the producer; or, do you mean the consumer?

Q. No, the producer. Now the consumer is paying less and therefore the producer gets less.—A. Oh, yes. That would no doubt in the long run have an influence on the producers' operation over a period but would have no drastic effect in one year. It would change his views as to what he would do from then on. If he was a feeder it would tend to discourage him and ultimately reduce the volume of beef produced.

By Mr. McCubbin:

Q. Do not a great majority of the ranchers use grass principally with a short period on grain?—I am talking about the ranchers, now, not the feed lot men.—A. The rancher primarily is a producer of feeder cattle. There are some ranchers who along with producing feeder cattle also finish cattle as they have feed or grain or can get it to do it, but most of them are in the business of producing feeders or producing grass-fed steers which may go direct to the packing plant. There are not a very large percentage of ranchers I do not imagine who make it a practice of finishing their own cattle because the country in which they operate is not the kind of country that you can depend upon growing a good crop of grain or feed of the type required to finish cattle.

Q. Well, then, the rancher is the man to whom the buyer from eastern Canada wants to stock his feedlot goes to get his feeder cattle. He is a man from whom the feeder steers are bought and shipped down here to eastern Canada; isn't that right?—A. Yes. He raises them and turns them over to the feeders. He does not as a rule finish them himself. They are sold to eastern buyers for feeding and finishing.

Mr. McCubbin: That is what I mean, it is usually their place to sell them.

The Vice-Chairman: Are there any other questions, gentlemen?

By Mr. Harkness:

Q. At the top of page 9, you say, the majority of feeders of western Canada are of the opinion that they should receive \$18 to \$20 per hundredweight for well finished cattle. Do you think there is any possibility of their receiving that under the present set-up?—A. I am really not prepared to express much of an opinion on that, except that there was an increase in the market about a week ago and if it keeps on going up it might reach that; but there are a lot of factors involved. The feeders no doubt would like to see it up to that level.

Mr. McCubbin: Wasn't the market \$18.90?

Mr. Harkness: That would not be \$18 to the rancher. Well, you really have no opinion as to the possibility of that \$18.90 a hundredweight being reached?

The WITNESS: I would not be able to say whether it would or would not be reached, sir.

Q. In the event of it not reaching that point—what do you think would be the effect as far as feeding cattle this coming year is concerned would be in that event?—A. Well, in past years as a general rule when the feeder comes to a season which has ended with a serious loss that sometimes has a tendency to discourage him the following year; and that in turn works a hardship on the rancher who has feeder cattle to dispose of. If the feeder has taken too much of a beating he does not want to go into feeding the following year and when he holds back that leaves the rancher with a lot of feeder cattle which probably he is not prepared to take care of, and that in turn may reduce the number which would be available the following year and the result is that there is not quite as good a demand as there normally might be.

Q. Without a change in conditions then, by which I mean a change in the general policy involved which sets the price that the producer can get for his cattle, you would anticipate a decrease in production in western Canada in the next year or so?—A. It would also depend on the conditions of the market and the availability of feed; there are a lot of factors involved in it.

Q. I said, without a change in the conditions taking place you anticipate a decrease in the number of feeder cattle?—A. It would be possible there would be a reduction.

Q. On page 1, you mention the very bad climatic conditions we have had in the west this spring. Have you any estimate as to what the loss in calf droppings has been or is likely to be?—A. It is very difficult to make an estimate which would be at all accurate, but in conversations with producers in recent weeks there certainly is no doubt there have been considerable losses. How great they will be nobody can say at the moment. But just take one case. I know of a man who lost 400 sheep overnight in a blizzard just recently, since the 1st of February. And it is losses like that that a rancher has to be prepared to take in his business. Back in 1938, within 10 miles of our office at the range experimental station down at Manyberries there were 750 head of beef cattle in that country killed just in 24 hours because of a blizzard. That is the sort of thing you are up against in the ranching business and that gives you an indication of the extreme risk that is involved, and the importance of a firm prospect to encourage a man to stay with it.

Q. You would not care to hazard an opinion as to what the percentage of loss or the percentage of reduction would be as a result of conditions such as we have had this last spring?—A. No, I would not have any comment to make on that.

Q. It will have a material effect on decreasing production?—A. The loss of a bunch of cows like that will materially affect his operations. It is going to reduce the number of two-year old steers he will have to sell in two years from now. Losing 50 or 100 cows means the loss of a good many two-year old steers that you cannot replace right offhand, and it means that there is going to be a change in the next two years.

The VICE-CHAIRMAN: Thank you, Mr. Hargraves.

Mr. DYDE: Mr. Chairman, my plan was to call witnesses who in fact are here. However, there is a gentleman present who is a rancher of southern Alberta and Mr. Harkness advised me at lunch time that he was prepared to give evidence and it is felt that he might have something useful to offer to the committee. I refer to Mr. George Ross of the Lethbridge area. I would be glad to have Mr. Ross although I have not had an opportunity of preparing anything with him, or I think of giving him any idea of what we are interested in, or in helping him in the preparation of a brief. But he is here and available if the committee would like to have him appear before them.

The VICE-CHAIRMAN: Gentlemen, we have some difficulty sometimes about witnesses without counsel dealing with them first. Probably I think it would be just as well to call Mr. Ross tomorrow, or after counsel has had an opportunity of consulting with him.

Mr. DYDE: I do not think it would take long.

The VICE-CHAIRMAN: It was not a question of time. I just wondered if it is not better to have witness in touch with counsel first, Mr. Dyde.

Mr. HARKNESS: I do not know whether Mr. Ross will be available tomorrow morning or not. I think possibly he has another appointment; so I would move that he be called now.

The VICE-CHAIRMAN: Will we have enough time in the 15 minutes which remain?

Mr. HARKNESS: We could make a start anyway.

The VICE-CHAIRMAN: If he is not going to be available there would not appear to be much use in making a start.

Mr. HARKNESS: I think it would be useful to have his evidence. We might call him now and see how far we could get.

The VICE-CHAIRMAN: I am not suggesting that it would not be desirable to have Mr. Ross' evidence. That is not the point. I was recommending only this. I am not in a position to make a motion on the matter. I was only recommending that as a rule it is well to have counsel in touch with a witness first and do such preparatory work as would be helpful to the committee. We have found that to our advantage and it has been discussed some two or three times in committee. And, of course, if Mr. Ross were not going to be available tomorrow, that would be better. But you have just remarked that we might make a start tonight. Well, if you would only be intending to make a start tonight and he is not going to be available tomorrow then you would be in the position of not having him available then.

Mr. HARKNESS: I would suggest instead of arguing about it that we call Mr. Ross and find out when he would be available.

The VICE-CHAIRMAN: Is Mr. Ross present?

Mr. ROSS: Yes.

The VICE-CHAIRMAN: Mr. Ross, would you be available to give evidence tomorrow?

Mr. ROSS: Not tomorrow morning.

The VICE-CHAIRMAN: You would not be available tomorrow morning, would you be in the afternoon?

Mr. ROSS: Yes.

The VICE-CHAIRMAN: You would be available then. Would it be agreeable if we were to take Mr. Ross—you might make a start with Mr. Ross in the meantime.

Mr. DYDE: Now, Mr. Chairman, I could, yes. I would not like to do this. The next witness is an important witness and I would not like to put him, the next planned witness, on the stand and then have him interrupted by Mr. Ross. I think that would be unfortunate.

The VICE-CHAIRMAN: Well, that would only mean adjourning ten minutes early to overcome that.

Mr. JOHNSTON: I think we should adjourn now and meet tomorrow at 4 o'clock starting with Mr. Ross.

The VICE-CHAIRMAN: Is that agreeable?

Mr. HARKNESS: I do not see any reason why we cannot go ahead right now.

Mr. FLEMING: We have another 15 minutes. I think this witness is ready to go ahead. I think his evidence is pretty well organized. We could start him anyway and then proceed from there on.

The VICE-CHAIRMAN: I do not know why you say that.

Mr. FLEMING: I don't know. I am trying to find out. I do not know Mr. Ross.

The VICE-CHAIRMAN: It has been our understanding right along that counsel would conduct the inquiry. I should think any motion you make is acceptable, but surely the general plan of counsel in examining witnesses first is to be desired. We have said that before. We have proceeded along that line. It does not make any difference to me personally. That is the way I thought the committee wanted to proceed.

Mr. JOHNSTON: You have a motion before you, Mr. Chairman.

The VICE-CHAIRMAN: Mr. Harkness has moved that he be called now. There was no seconder, but I do not presume we need one for that motion. The motion is that Mr. Ross be called now.

Mr. MCCUBBIN: Just a minute. I am agreeable to having Mr. Ross called, but is he going to continue tomorrow at 4 o'clock if we do not finish with him tonight, or is he to be taken off for two or three days till we hear these witnesses whose appearance has already been planned?

The VICE-CHAIRMAN: I understood that he was to be here tomorrow afternoon at 4 o'clock. Was that understood? Mr. Ross said he is available tomorrow at 4 o'clock.

Mr. FLEMING: My understanding of the matter is that we will call Mr. Ross now and go as far as we can. If it appears we can't go very far without having his evidence organized with counsel then we could adjourn. I think possibly we should call him now and see how far we can get with his evidence in the quarter of an hour which remains to us, and then if necessary we could have him recalled when he is available again at 4 o'clock tomorrow.

The VICE-CHAIRMAN: In either event he will be available tomorrow. Those in favour of the motion? No need to take the opposite opinion. Mr. Ross would you come to the stand, please?

George Graham Ross Aden, Alberta, called and sworn:

By Mr. Dyde:

Q. Mr. Ross, would you give the committee your full name, please?—A. George Graham Ross.

Q. Your address?—A. Aden, Alberta.

Q. I think you are a rancher?—A. Yes.

Q. What size ranch do you operate?—A. Oh, there are two ranches together, about 2,500 cows—about 140,000 acres.

Q. Now, you had the advantage, Mr. Ross, of hearing Mr. Hargrave present his brief to the committee, and I am going to ask you right away if you would care to contribute to the committee any remarks of your own, either in elaboration of what Mr. Hargrave has said or with a different view. Have you any remarks that you would like to make?—A. I would say that I think Mr. Hargrave has presented a very excellent picture of beef production in the west. I agree with him at every turn. The few remarks I might make about the rise in the cost, that is the cost of producing beef cattle—you have to remember that the Canadian commercial beef cattle man has to buy his bulls, his pure bred bulls, in competition, and in direct competition, with the American beef producer who is getting about twice as much for his cattle as is the Canadian. That helps to run up that cost.

Q. Where do you go to buy your pure bred bulls?—A. We buy them direct. We don't buy many from Calgary. We have bought a lot of our bulls from Mr. McIntyre. The bulls that he does not finish to show at shows he more or less treats as second-grade bulls.

Q. Mr. McIntyre is in southern Alberta, is he not?—A. In southern Alberta.

Q. And people come there from the States to buy bulls, and they bid higher than Canadians?—A. Oh, yes.

Q. And the result is that the Canadian breeder has to buy in competition with the Americans?—A. Yes.

Q. And has that in fact had the effect of running up the price of bulls in Alberta?—A. That has; yes, quite a bit.

Q. What does the American offer for a good bull?—A. You see, it does not work out in money so much. The American comes up. These bulls run from $700, the class of bulls that we use run from $700 to $2,500. But the American, for instance, he buys his bulls with cows. That is the practice. That often means that he can buy a bull for half what we have to pay for them.

Q. I think you had better explain that.

Mr. Irvine: You mean in relation to the price he obtains for his product?

The Witness: That is it. I was at a bull sale in Shelby, Montana the other day. They were not fancy at all, just little rough bulls. When the auctioneer got up to $450 a piece he said, only two dry cows; which it was. To me it would have been four of five dry cows.

Mr. Dyde: Is there any suggestion that you can give us an elaboration of Mr. Hargrave's brief?

The Witness: While Mr. Hargrave was talking you asked him if he thought the number of cattle would be higher this spring. Of course, I can't answer that at all; but I would say that what the feeder has faced during the winter is the high cost of feed prices and a possible heavy loss as a result with market prices being what they are. For that reason it would be quite possible that in a matter of a year generally there would be a shortage of beef.

By Mr. Harkness:

Q. What is your opinion, Mr. Ross, on the embargo against beef cattle going into the United States?—A. Well, of course we are very much concerned about that embargo, not from the standpoint of our present business, not that we are particularly interested in getting a lot more money for our cattle; but we know from past experience—I might say my father started in the cattle business in Alberta in 1885, and we know from running cattle since 1885, until now, that when we haven't got the American market we have no industry. We very much fear that if we do not hold on to that market now by use we might lose it. That is our main concern about the American market.

Mr. Johnston: Where would they get their beef from if they did not take our beef—if it was available? Would they go to the Argentine?

The Witness: No, they did not go to Argentina. Up until a year or so ago they took a lot of beef from Mexico. The amount of beef we put into the United States does not amount to anything as far as the United States market is concerned. It is just a drop in the bucket.

By Mr. Lesage:

Q. What would be the effect on Canadian prices if the embargo was lifted? —A. If the embargo was lifted today?

Q. Yes?—A. I would say they sold pretty good fed steers in Montanat, a week or two ago, for 22 cents while our steers were 16 cents. There was a $1\frac{1}{2}$ cent duty but it would probably raise our price a couple of cents—3 or 4 cents a pound.

Q. What is the price on the Chicago market?—A. The price of grain fed choice cattle in Chicago is 28 or 30 cents a pound.

Q. Was it not 34 cents in the last few days?—A. It goes up and down, but that is a class of cattle that does not enter into our figures at all. They are corn fed cattle, fed for six or eight months, and they are a different animal. As I say, when the price was 28 or 30 cents in Chicago for grain fed cattle, Montana prices were about 22 cents.

Q. In Montana?—A. Yes.

The VICE-CHAIRMAN: The type in Montana is comparable with yours.

The WITNESS: Yes, it pretty well compares with our cattle.

Mr. THATCHER: Do you think the price would only go up 3 or 4 cents?

The WITNESS: That is—

Mr. LESAGE: That is on the steers.

The VICE-CHAIRMAN: There is a tariff which you have got to take off of $1\frac{1}{2}$ cents.

The WITNESS: Yes.

Mr. PINARD: Would it not have the effect of raising the market for other meats?

Mr. MCCUBBIN: To the consumer?

Mr. LESAGE: What do you think would be the result from the consumer's standpoint?

The WITNESS: Well I am a consumer.

Mr. LESAGE: You are not the only one!

The VICE-CHAIRMAN: No!

The WITNESS: I would say that it costs me more to live because we have not got American dollars. As a consumer in Canada, if I would pay a little more for my beef and received the American dollars it would offset this cost to me of other things, and my beef would be cheap.

By Mr. Lesage:

Q. As a matter of fact the quantity of beef we can sell to the American market without doing damage to the Canadian supply is quite small, and in American dollars it does not mean very much? Is not that true?—A. It is probably small now.

Q. Yes?—A. But if the Canadian beef cattle producer had the American market in front of him and knew he was going to have it, I have no doubt Canada could export half a million cattle a year.

By Mr. Fleming:

Q. How soon could Canada start exporting on that scale?—A. As a matter of fact in 1933 or 1934 we exported 300,000 cattle.

Q. How soon, starting now, would it be before you could export to the United States on the scale you have mentioned, half a million head a year?—A. three years, probably.

Mr. LESAGE: Three years?

The WITNESS: And—

The VICE-CHAIRMAN: Well, Mr. Hargrave—

Mr. FLEMING: The witness did not finish, Mr. Chairman. He was going to say something further.

The VICE-CHAIRMAN: Did I break in on your answer?

The WITNESS: I was going to say that in the past we exported around 200,000 cattle in the average year and in 1933 or 1934, whatever the year was, we exported somewhere around 600,000.

Mr. THATCHER: My understanding was that the quota set at Geneva was 400,000 head.

Mr. FLEMING: I do not think the witness had finished giving his answer to Mr. Harkness' question.

The VICE-CHAIRMAN: If you are through, Mr. Fleming, Mr. Thatcher can go ahead.

Mr. FLEMING: I thought the witness had not finished his answer.

The VICE-CHAIRMAN: But I thought you were asking a question and that you wanted your question answered.

Mr. FLEMING: No, the witness was not finished with his answer.

Mr. THATCHER: I thought he was through.

Mr. LESAGE: Anyway, Mr. Fleming broke in on you.

The VICE-CHAIRMAN: Apparently something happened.

Mr. THATCHER: Possibly the question could be repeated.

The VICE-CHAIRMAN: The witness is in a position of great popularity due to the fact that everybody wants to ask him questions.

Mr. IRVINE: It is 6 o'clock, Mr. Chairman.

Mr. FLEMING: Let the witness finish the answer he was giving.

The VICE-CHAIRMAN: Did you get interrupted in some answer?

Mr. IRVINE: We will have to put the question again.

Mr. THATCHER: Just before you leave that one point, is it not true that there is a quota of 400,000 cattle available to Canada as set out in the Geneva Agreement?

The VICE-CHAIRMAN: No.

Mr. THATCHER: I thought it was?

The WITNESS: You can send 400,000 cattle over at $1\frac{1}{2}$ cents a pound, and at $2\frac{1}{2}$ cents a pound you can take over all the cattle you like.

Mr. THATCHER: Oh, it was a quota with respect to imports.

The WITNESS: Yes.

The VICE-CHAIRMAN: You can take in the first 400,000 at the low price, the low tariff rate.

Gentlemen, Mr. MacLean is the next planned witness for 4 o'clock tomorrow. It may be that we could release Mr. Ross. I do not know whether you desire to release Mr. Ross or not.

Mr. IRVINE: You have a question there have you not, Mr. Fleming?

The VICE-CHAIRMAN: I do not know whether you want Mr. Ross to come back. What is your will? Counsel would desire to go on with Mr. MacLean if he could. Should we ask Mr. Ross to come back, Mr. Harkness?

Mr. HARKNESS: I thought probably Mr. Ross might very usefully continue his evidence tomorrow afternoon. I think there are quite a number of other questions people seem to be anxious to ask, and as he is going to be in town tomorrow in any event I do not think it would take very much of the time that was going to be devoted to Mr. MacLean.

The VICE-CHAIRMAN: Is that the will of the committee?

Mr. IRVINE: Sure.

Mr. FLEMING: It probably would not take long. Mr. MacLean would be getting on about 4.15.

The VICE-CHAIRMAN: Is that agreeable to you, Mr. Ross?

The WITNESS: Yes.

The VICE-CHAIRMAN: The committee stands adjourned until tomorrow.

APPENDIX

Exhibit No. 101

Addition to Exhibit 94

HALIFAX PRICES

A. To be added to first page of Exhibit 94; Wholesale Beef Prices (Carcasses) in cents per pound. (At Halifax)

—	Red	Commercial	Cow
Former ceiling	25·50	23·50	18·25
October 30/47	25·50	23·50	18·25
November 6	27·00	24·50	19·25
November 13	27·50	24·00	19·25
November 20	27·00	24·00	19·25
November 27	26·50	23·50	18·50
December 11	26·75	24·00	18·75
January 8/48	30·00	28·00	22·00
January 20	29·25	27·50	22·00
January 26	28·75	26·75	22·00
February (no prices available)			
March 2	28·50	26·00	22·00
March 9	29·00	27·00	22·00
March 16	30·00	28·00	23·00
March 23	30·50	28·50	23·50
March 30	30·50	28·50	23·50

B. To be added to fifth page of Exhibit 94; Wholesale Pork Prices (Carcasses) in cents per pound (At Halifax)

Former ceiling	26·75
October 30/47	26·75
November 6	27·00
November 13	27·25
November 20	27·50
November 27	28·25
December	(no quotation)
January 8/48	32·50
January 20	31·50
January 22	31·00
February to March 2	(no quotation)
March 9	33·00
March 16	33·00
March 23	33·00
March 30	32·00

C. To be added to second page of Exhibit 94; Prices of selected Red Brand Beef cuts in cents per pound (At Halifax)

—	Sirloin steak or roast	5-bone rib roast— B-in	B-less	Stewing beef	Hamburger
HALIFAX					
Former ceiling	55	41	54	28	28
October 30/47	56	41	53	31	32
November 13	56½	41¼	54	32	31
January 12/48	63	47	....	35	33
January 26	57	45	50	35	33
March	58	43	....	36	30
March 16	55	41	54	35	35
March 23	57	45	....	37	32
March 30	60	45	....	38	30

D. To be added to sixth page of Exhibit 94; Wholesale and retail selected pork cuts in cents per pound. (At Halifax)

—	Loins, fresh		Smoked trimmed ham		Smoked cottage roll (Art. casing)		Fancy side bacon ½ lb. pkg.		Cas-ing, back	Cook-ed ham
	W	R	W	R	W	R	W	R	W	W
Former ceiling	35½	53	38½	58	41¼	62	50	70	57¾	57
October 30/47	35½	51	39½	55	42	60	50	68	......	......
November 13	36¼	49	43	60	41½	65	50½	72½	57¾	......
January 12/48	46	59	46	65	50	67	64	85	64	......
January 26	44	54	44	62	49	64	63	84	66	......
March 2	42½	50	43	58	49	59	62	79	64	......
March 9	42½	50	43	59	48	61	62	79	64	65
March 16	42½	50	43	59	49	63	62	79	63	65
March 23	42½	51	43	58	49	63	62	78	63	65
March 30	42½	51	43	57	49	60	62	78	63	65

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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 42

WEDNESDAY, APRIL 21, 1948

WITNESSES:

Mr. G. G. Ross, Rancher, Aden, Alberta.

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

MINUTES OF PROCEEDINGS

WEDNESDAY, April 21, 1948.

The Special Committee on Prices met at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Irvine, Johnston, Lesage, Martin, Maybank, Mayhew, McCubbin, Merritt, Pinard, Thatcher, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. G. G. Ross, Rancher, Aden, Alberta, was recalled and further examined.

Witness discharged.

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ont., was called, sworn and examined.

At 5.30 p.m. witness retired and the Committee adjourned to go into Executive Session, and to resume in public session on Thursday, April 22, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

House of Commons,

April 21, 1948.

The Special Committee on Prices met this day at 4.00 p.m. The Chairman, Hon. Paul Martin, presided.

The Chairman: The meeting will come to order.

Mr. Irvine: Mr. Chairman, before the witness is called, I should like to bring up a matter for the welfare of the committee. I refer to a newspaper report which appeared last night, the head note of which says,

> Dismal futility reports MP of prices inquiry.

I am not taking exception to anyone's opinion of the committee, but I do raise objection to the paragraph in which the C.C.F. member is quoted as having said that the committee is a laugh. I certainly want to repudiate that, so far as I am concerned. I should like to say that, while I opposed the formation of this committee in the House fairly strenuously because I thought what we needed more than anything else at that time was the re-imposition of price controls, nevertheless I said in my remarks on that occasion that a fact finding committee of that kind could be of great service to any economy. I am in the hopes it will be a great service.

Being appointed to it, I want to do my best to make it a serviceable instrument. I think we have already disclosed important facts and I hope we shall disclose others which may become the basis of a constructive and ameliorative policy. It is true we have not yet the power to make recommendations. I think that is a weakness of the committee but some day I hope to move, if no one else does, that we ask parliament for the extension of that power; provided we believe we have something we want to recommend.

Even if we never get the power, it will be the responsibility of the government to handle whatever facts we may find here and, if the government fails to take advantage of anything we discover, that will be its responsibility also.

I wanted to say, too, that I think the members of the committee should make it a point to use this opportunity to their best advantage. While I have no censure to make of those who feel as they do about it, I would say this: I think most of us have been approaching our task here like the amorous lady going into the cold bath, touching her toe and waiting for it to get a little warmer.

Mr. Maybank: When did you see that lady?

Mr. Winters: It is only hearsay, Mr. Chairman.

Mr. Irvine: I think we ought to plunge in and see whether there is anything to be discovered. Well, that is all I want to say.

Mr. Fleming: Are there any concrete suggestions as to how we can plunge in any more than we are doing at the present time?

Mr. Chairman, I do not need to reiterate the views I have expressed in this particular article. I hold them very strongly and I think I have expressed them to all members of the committee at one time or another. If there are any suggestions—

The Chairman: I must say, as chairman, I was not aware that those views had ever been expressed by you in this committee or by anyone else.

Mr. FLEMING: I have expressed them to you and to many members of the committee at various times.

Mr. MAYBANK: You never expressed them to me.

Mr. FLEMING: Perhaps I overlooked the vice-chairman of the committee.

Mr. MAYBANK: As one member of the committee, I wish to make it clear you have never expressed those views to me. There is no publicity in expressing them to me and I guess that is the reason they were expressed as they were.

Mr. FLEMING: I do not think Mr. Maybank quite intends that remark to sound as it does sound.

Mr. MAYBANK: I do intend it.

Mr. FLEMING: I think now he has made it, I want to say something about it. In these remarks of the kind which are attributed me here, of which I should like to make note, I am quoted as referring to the performance of the committee as "dismal and dreary" and also as "an exhibtion of futility". I am quoted as saying:

> This exhibition of futility confirms the soundness of the position we took—

That is speaking of the party in the House of which I am a member—

> —that the creation of this committee was but a ruse to enable the government, temporarily, to get out from under the crushing weight of responsibility for the high price structure. We said the committee couldn't or wouldn't do anything about prices and it hasn't.

Substantially, that is what I said when asked for my views on this subject by a representative of the Ottawa *Journal*. Those are views I have expressed on more than one occasion to, I think, most members of the committee—apparently Mr. Maybank excepted.

Now, in saying that, there are one or two things I should like to make quite clear. There is no reflection in what I have to say on counsel or any of those who have been assisting in the work of the committee. I think we have been well helped by counsel, accountants and others. There is no blame attached to them.

Mr. Irvine says that, so far as he is concerned, he has endeavoured to make the committee as useful as possible. I think I can say the same thing for myself, in so far as this committee is concerned. We did not approve of the idea of the appointment of the committee in the first place, but we have come here. We have been fairly regular in our attendance and have sought to make whatever could be made of it in the public interest. I do not think the committee has accomplished anything, as yet, Mr. Chairman. I repeat what I have said in those answers that I gave to the press.

What we say is that, since the committee was appointed the cost of living has continued to rise; it has not stopped, it has continued to rise and it is higher now than it ever has been in our history. I think the fact that the public is not showing anything like the interest in the work of the committee today that it did two months ago is some reflection on the fact that our meetings are not productive of anything which is really of assistance to parliament or to the Canadian people in trying to arrive at anything which could be called a solution to the problem of the high cost of living.

To those who take issue with my view in that respect, I suggest this; that we test the feeling of the committee as to whether or not the committee has accomplished something useful to date by making an interim report to parliament within the narrow terms of our reference which confines us simply to finding facts. It ties our hands as to anything else and prevents us from making any recommendations as to specific remedies or anything of that kind.

The CHAIRMAN: Order. I do not think this is the place to discuss the limitations of our terms of reference. The House of Commons has given us authority to deal with this matter. Mr. Irvine, himself, took issue with some of the terms of reference in the House. I do not think we can decide that. I believe you are out of order in discussing the terms of reference.

Mr. FLEMING: I am not discussing the terms of reference. What I am saying is that, within the terms of reference which I find to be very narrow—if the members of the committee take issue with me in what I have said here, then I think the proper course is for the committee to bring in an interim report to the House of Commons of the findings which it is in a position to make; first, in respect to the rise in the price of bread and, secondly, in connection with the rise in the price of butter. Then, we could let the House of Commons decide whether this committee has been accomplishing something really useful; something which warrants the expenditure of a great deal of time by sixteen members of the House who have a great many other duties on their shoulders, as well as the very great expense which is something like $500 a day, and also the commitment now of something like $20,000 in connection with the textile inquiry.

The CHAIRMAN: Have you anything further to say?

Mr. MAYBANK: Since the exchange with me had something to do with starting this debate, I just want to make a reference to this. Mr. Fleming seemed to think that what I said a few minutes ago indicated I thought he had made his statement, as he did make it, because he was seeking publicity. He is right in thinking that that was what I intended. It made that impression upon me.

As to the question of futility; Mr. Fleming is a member of the steering committee, has directed the members of it and, in directing them, has made suggestions which have been carried out. He has had just as much to do with whatever the committee has done as any other person. The futility, if there is futility, is his own.

In so far as the dreariness is concerned, if it is deary to him then, of course, the committee assumes he must have contributed equally, if not in greater measure than others, to its dreariness.

Now, I do not think there is any objection to Mr. Fleming discussing his own futility, his own dreariness if he wishes. I may be wrong in believing that he did do that for the purpose of attracting attention to himself. I might be wrong, but I say that is the impression it made on me. I just state, as a fact, that is the impression it has made and, so far, the impression has not been dispelled. I do not think it is very important, one way or the other.

Mr. MERRITT: I think, Mr. Chairman, now that Mr. Irvine has raised this matter in the way he has, and we are starting to discuss it, we should very seriously consider the question of bringing in a report. It has been my impression from the outset that this committee could only get somewhere if we discussed what conclusions we are able to discuss within our terms of reference, and let the Canadian people know what we are thinking. After all the very extensive investigations into the two commodities, I feel if we continue investigating commodity after commodity without coming to any conclusions on any one of them, by the time we are able to come to conclusions the evidence we have gathered will probably be completely displaced by a completly new price, supply and demand situation. The course we are following now leads inevitably to futility, if it has not reached that stage at the present time. I think it is a very healthy thing that we should discuss now, or as soon as possible, what our future course should be in this connection.

The CHAIRMAN: May I say this, so we can get on with our work: I simply want to say this, as chairman of the committee, I think the proper place for any member of the committee to express his views as to the future work of this

committee or its operations is in this committee; that is the first thing. In the second place, matters of business should, first of all, be discussed in the steering committee for the obvious reason that certain business can best be attended to there. The matter to which Colonel Merritt has just referred, I think is a matter which is proper and one which will be discussed. In fact, that was one of the reasons for calling an executive session of the committee for today or tomorrow, depending on facilities being available.

I do think, as chairman of this committee, in fairness to all members of this committee, I should say that we have now for some months, four hours a day, been diligently applying ourselves to a very complicated problem. The success of this committee, surely, is not to be judged by its spectacular interest. We are not here for spectacular purposes. We are here to make a serious study of a very difficult complicated problem.

Already, the salutary effect of our work is apparent. We had the Canadian Association of Consumers before us and we know what they said about the effect our deliberations were having in the country. The salutary effect of this committee is apparent in other quarters.

It does not do parliamentary institutions any good, I suggest, to resort to ex parte observations on their success. If any member feels certain steps should be taken by this committee, there is a place and a way to do it. We may all have views in that regard.

I suggest now that we get down to business.

Mr. Fleming: You made one remark upon which I wish to comment in just a sentence or two. I propose to be very brief.

Mr. Lesage: Mr. Fleming could tell that to the press, ex parte, after the meeting.

Mr. Fleming: You said something which deserves a brief comment, and it is this—

Mr. Lesage: Why not wait until after the meeting. You will be alone with the press.

Mr. Fleming: That is not a very helpful remark. When a member of the press gallery comes to me, as he apparently came to other members of this committee, and asks me direct questions, I am prepared to give him direct answers. If he chooses to print my answers in reply to those questions, that is his affair.

The Chairman: We are not going to go on with this endlessly.

Mr. Fleming: Just hear this further sentence, if you will. Here is the sentence I want to read from the article which is the subject of the discussion.

Mr. McCubbin: Are we going to listen to newspaper articles read in this committee?

The Chairman: I think we have had enough of this.

Mr. Fleming: There are three members of this committee who are quoted and who have given answers. I was not the only one who spoke in that way.

The Chairman: May we get down to business?

Mr. Fleming: This is not to be laid to my doorstep. There are three members of the committee who were interviewed and their comments are in this article.

The Chairman: Order. Mr. Fleming, I am saying order to you. As chairman, I suggest to you we have had enough of this.

Mr. Fleming: I am asking, as a member of this committee for the right, which I think is a right and is not a privilege, to state here what a Liberal member of the committee is also reported as having said of the committee. These were not my comments only. Mr. Maybank is attempting to take this as my doing. I am one of apparently three members of the committee who were approached and asked certain questions.

The CHAIRMAN: May I suggest to you, as chairman of the committee, having in mind the criticisms you made of the committee, that you now be asked not to add to the monotony and the trivality of the proceedings of this committee. Let us proceed with our work at once.

Mr. MERRITT: As another member of the committee, I take great exception to your remarks. Mr. Fleming is simply saying that other members of the committee were approached. Of those who made similar remarks, he was the only one who allowed his name to be published. The others were anonymous. If you are prepared to criticize Mr. Fleming, you must be prepared to criticize the Liberal member and the CCF member.

The CHAIRMAN: What I said a few moments ago applied to those who had declared themselves, those who were anonymous. Let us get on with the business of the committee.

Mr. MAYHEW: Personally, I am not prepared to let it go at that. The remarks made by Mr. Fleming reflect on every member of the committee, and I, for one, was not a party to making any such remarks to the press. I want that clearly understood. I regret that anyone would come in here and, because a statement was made in the House, try to act in such a way as to bring about conditions so that person can say, "I told you so," when the committee finishes. That is what is happening here. There is a job for us to do and we can do it if we act like men. Half the time, we act as though we were members of one party or another.

Mr. PINARD: I also feel that if a member of the committee feels sitting on the committtee is futile, he should refuse to sit on it.

Mr. LESAGE: Let him be replaced.

Mr. JOHNSTON: May I say, as Mr. Mayhew has said, I was not one of those interviewed. I am not one of those anonymous members. As the subject has been brought up here, I think it would be well if we proceeded along the lines suggested when this question was brought up, and have the steering committee give consideration to the matter. If it is the opinion of the committee there is not sufficient proof ahead of us to continue the sittings, it could be decided at that time. Until such time as that is done, I do not intend to make any further remarks about it. I have some opinions on the matter and I think it would be well if we had some discussion in an executive session of the whole committee. The whole matter could be threshed out there and we could ascertain whether or not there is sufficient evidence ahead of us to warrant continuing.

The CHAIRMAN: I think we have a great deal of work ahead of us and a great job yet to do. May we now proceed, Mr. Dyde?

George Graham Ross, Aden, Alberta, recalled:

Mr. DYDE: You have already been sworn, Mr. Ross, and at the end of yesterday's session of the committee one or two members suggested that you should come back today because there might be further questions. Before there are questions directed from the members of the committee may I ask if you have any further remarks to make yourself on subjects which may have occurred to you since yesterday?

The WITNESS: Yes. I said yesterday that Mr. Hargrave gave a very good picture of the cattle industry in the west. I would like to break that statement down in view of the fact this is a Prices committee. I would like to break his figures—which correspond with mine—down to the cost of producing grass beef. The average price of grass beef in Calgary in 1947 was $10\frac{1}{2}$ cents. The cost of producing beef, giving 5 per cent on the investment, is $8\frac{1}{2}$ cents. Now if

one beef animal on grass produces 250 pounds a year at 2 cents per pound profit that gives you $5 per head in addition to the 5 per cent. That gives you a 7½ per cent profit on your investment in producing beef in 1947.

Mr. MAYBANK: What percentage was that?

The WITNESS: 7½ per cent. That figure is exclusive of costs such as most stockmen in Alberta are faced with this spring—heavy cost of feeding, and losses of calves. In 1947 we had a pretty good year all way through. I thought the members of the committee might be interested in knowing the cost of grass feeding. I would like to make this further remark that in the last few years our production of beef, according to our export record, has gone down. If the Canadian consumer wants beef the consumer should encourage the production of beef. The imposition of ceilings or the threat of the imposition of ceilings will go to the reduction of the production of beef and, if we are short of beef, the price will be higher to the consumer.

By Mr. Johnston:

Q. In your opinion ceilings should not be re-imposed?—A. I am saying that if there is a placing of ceilings on a producer's product, or the threat of the placing of ceilings on a producer's product, he will cut his production down. He will only produce when he has a free and open market.

Q. Would you be of the opinion that all producers would want the ceilings abandoned?—A. Yes.

Q. Because if ceilings were imposed on one line they could not be very well taken away from another?—A. That is right.

Q. So if you are going to remove one ceiling you would have to remove them all?—A. I know in my business the ceilings will cut down production, and if production is cut prices will go up.

Q. You think that would be true of all other producers?—A. I would say so.

Q. In different industries?—A. You mean all other producers?

Q. Yes?—A. Yes.

Mr. DYDE: The next witnesses are the officers of Canada Packers.

Mr. J. S. McLean, President, Canada Packers, Toronto, Ontario, recalled:

The CHAIRMAN: Order, please.

Mr. DYDE: I have just been informed that the assistant treasurer of the company, Mr. Child, who was to accompany Mr. McLean this afternoon, is quite ill and will be unable to be with us. I am sure I am correct in saying that situation handicaps Mr. McLean to some extent, although he is anxious and quite willing to go on this afternoon. I would just like to point out that fact and say that a good deal of my conversations have been with Mr. Child.

Mr. LESAGE: What about having an executive session?

The CHAIRMAN: We can proceed.

By Mr. Dyde:

Q. Mr. McLean, would you please tell the members of the committee your position with Canada Packers?—A. President.

Q. And you know, do you not, that we have asked Canada Packers to bring before the committee certain information?—A. Yes.

Q. And this information is contained, I believe, in a document which you are able to produce?—A. Yes.

Mr. DYDE: Mr. Chairman, before I deal with this matter and before we decide on the exhibiting of the document, may I say that Mr. McLean has also supplied the committee with the annual reports covering the last two years. I think it may be useful for the members of the committee to have copies of those annual reports together with the document.

In connection with the document which has just been put before the committee there are one or two remarks that I would like to make. Canada Packers Limited was asked to furnish certain information in schedules numbered in a certain way. You will find on the first page of the document a heading stating "Requested by the Committee" and nine schedules follow. Then, you will find, furnished by Canada Packers, a number of items and some charts which were not actually requested. You will find in your books that some additional pages have been added immediately following page 59. I refer to pages 60 to 66 inclusive, which pages were added at the request of counsel. I make that explanation because we are going to find it a little difficult, I believe, to incorporate this whole document into the printed proceedings. I would suggest, Mr. Chairman, that for various reasons you may not wish to reproduce the whole document in the printed proceedings. On the other hand, counsel is unable to guide the committee at this moment as to what parts of the document should be omitted. Therefore, I suggest that it would be possible for us to go ahead and consider the document, and perhaps a decision might be made tomorrow as to what parts should be reproduced.

The CHAIRMAN: Can we not deal with it as we go along?

Mr. DYDE: We might deal with it as we go along but in any event I hope that we will not decide now that the document will go in just as it stands.

The CHAIRMAN: All right.

By Mr. Dyde:

Q. In the time at our disposal today, Mr. Chairman, I would like to ask the committee to turn with me to certain pages of the document. The first page to which I refer is page 62. Mr. McLean, page 62 has a heading "Consolidation of plants and branches, profit and loss, before bond interest, inventory reserves and income tax." Am I correct in saying that is a consolidation of a number of pages which appear previously in the text?—A. That is correct.

Q. Can we identify those pages? Can we identify the pages of which page 62 is a summary? I will tell you that I think page 62 is a summary of schedule 4, running from pages 10 to page 29?—A. Yes. When you first requested information you asked for the volume and results, as I recall it.

Q. Yes?—A. Yes, for plants, and also separately for branches and page 62 is a consolidation of the reports on the plants and on the branches combined.

Q. Yes, now dealing with page 62, at the left hand side there is a series of years headed by the statement "Fiscal year ending" and by reference to page 3 of your brief I find that the fiscal year of the company ends on the last Wednesday of March in each year.—A. That is correct.

Q. And of the fiscal years shown on page 2—the years ending on the last Wednesday in March—1948 is the only incomplete year and I see a note saying "to February 25"?—A. That is correct, yes.

Q. And in looking at that page, Mr. McLean, I direct your attention to the right hand column "Total meat and by-products". I refer again to the fact that the heading of the page is "Profit and Loss" and I assume that where the figures are in red a loss is indicated, and where the figures are in blue a profit is indicated.—A. That is correct.

Q. And without going into complete detail I call attention to the fact that in 1936, 1938, and 1939, there was a loss which was to some extent balanced by a profit in 1937. The reason that I put it that way, Mr. McLean, is that those are the pre-war years.—A. Yes.

Q. Then when you come to the war years you have got a series of figures, all profit, showing a profit in 1942 of over $2,000,000, and the largest profit of all during the war years—$2,337,340—was in 1945?—A. That is in the war years?

Q. Yes, I am correct about that am I not? I said it was the largest profit in the war years?—A. Yes, that is correct.

Q. Now in the post-war years you have by far the largest profit in the 1948 period which, according to these figures is not quite complete?—A. Yes.

Q. And there your profit becomes $2,341,898?—A. That is correct.

Q. Now I also call attention to this, Mr. McLean, and ask you if I am correct? If I go back to the two columns preceding that final column, I notice you have a column headed "total meat" and a column headed "by-products"? —A. Yes.

Q. And that the total meat column shows loss figures down to and including the fiscal year 1941, and from that date on you show profit figures, although the profit in 1947 is relatively small?—A. Yes.

Q. And in the column to the right of that headed "by-products" you show the by-products profits, which in the early years from 1936 to 1940 inclusive are quite considerable figures—the lowest is $834,000 and the highest is $1,484,672. We do not find another year where the profit in by-products is as high until we reach the fiscal year in 1948?—A. Yes.

Q. In that connection would you please clear one point for me? Would you say whether the by-products total can be broken down into by-products of the different types of meat, or do you know whether your accounting system permits that?—A. I am really sorry to say that I do not. I have not studied these figures.

Q. Perhaps we can clear that matter tomorrow?—A. Yes, of course Mr. Child could answer all these questions.

Mr. PINARD: Can we take it all these by-products are meat by-products?

The WITNESS: Yes, they are by-products of meat; it shows that here.

By Mr. Dyde:

Q. There is no doubt about that Mr. McLean, is there; that from this statement it appears that you are giving the beef situation, the veal, the lamb, the pork, canned meats, cooked meats and total meats; and the by-products column shows the by-products?—A. I am sure of that.

Q. Could you answer this question for me; as to why you have separated the by-products in that way? In other words, what I am really getting at is this; to a layman one would think that the beef account should also contain the account for the by-products of beef, and that the veal account should contain the by-products of the veal, and so on throughout the different types of meat. Could you explain why that is done?—A. Oh yes. One buys a lot of cattle today and the cattle are slaughtered tomorrow and the beef is sold within two or three days, but in order to arrive at the cost of the beef it is necessary to estimate the volume of the by-products. One buys the animal alive and the products of it are the meat, which is the principal product, but there are important by-products as well—hide, tallow, bones, casings, and many other things. The hides go to the hide salter and they are salted, and they are not sold for two months after they are taken off, so it is necessary to estimate what the value of the hide is—and it is just an estimate. And the same is true of tallow. Tallow is rendered and sold for a month or a flat time. That tallow is held

around for perhaps maybe four or five weeks, or it might be four or five months; so one must have a costing system and one must know what price to ask for his fresh meat; and that is the reason the by-products are a separate account.

Q. I do not propose, gentlemen, to say that I am finished that page at this minute, but I would like to go on to another page. What I am endeavouring to do here is to bring to the attention of the committee certain things which I think are of significance today; and certainly Mr. McLean will be with us tomorrow when you will have an opportunity of looking at these figures more fully.—A. If I cannot answer questions the reason is this. I have just returned from a long holiday and this material was all prepared by Mr. Child and thinking he was going to be here I have taken no time to study it.

The CHAIRMAN: We understand.

Mr. FLEMING: May I ask a question?

The CHAIRMAN: Certainly.

By Mr. Fleming:

Q. Mr. McLean, looking at the final column of page 62, and bearing in mind that the ceiling on these products came into effect, I think, in the fall of 1941, it is apparent, is it not, that the company prospered in respect to its meat business more under ceilings than at any time in its history?—A. Yes.

Q. And by a substantial amount?—A. That is due to two causes; the first is that the volume was so very greatly increased. You recall that. But I would like to mention this. I am informed that in 1939, the sales of the company were $77,000,000 and in 1944, they reached their maximum which was close to $240,000,000. But for those years in which the results seem so much higher the volume in each year was not small, above $200,000,000 as compared with $77,000,000 in the earlier years. That is one part of the explanation. The other part is that under controls—to begin with, controls are necessary in wartime. At least, that is my view. I do not think any government has any option about placing meats and essential foods under control in wartime, because if any other course is followed and if there were competition for meats advances in prices would mean that you could not get sufficient for war purposes and war production would be hampered. When controls are imposed the same thing always happens. The margins are imposed after a study of each stage in each industry involved, and the margin is generally set so that the least efficient unit within the industry can meet its costs. And I think that in every industry profits were larger than under the intense competition of normal times.

Q. Can you give the committee any opinion from that as to what may be expected with the return comparatively recently to conditions which prevailed before controls went on; in other words, after the removal of controls?—A. I would think with the return of competitive conditions that the gross profit will be less and that in the case of the more efficient units of the industry I should not think the net profit would be greatly reduced, because the extra profits of wartime are subtracted from the heavy wartime prices, and the net—not the gross, the gross profits may be larger—but the net profits over the whole period will be very much less than they were, in percentages they would not be more than a fraction of a cent per pound.

By Mr. Johnston:

Q. Would it be fair to say that although your possible profits would be greater during a ceiling period that that is offset by increased taxation? If that is true, would it not also be true to say that because of these ceilings the cost of living was higher?—A. If I understand your question I think the answer is no. The cost of living was controlled by means of the ceilings and there was a reason for it.

Q. According to the figures here in the last column it would indicate that the prices were higher than in normal times.—A. Oh, there was a higher gross profit before taxes, but the amount of that profit as you will see on some of the other statements was a minute fraction of a cent a pound.

Q. Due to taxes?—A. No. The gross profit was a minor fraction of a cent a pound. You will find as you continue this examination that the profits of the packing industry have nothing to do with the cost of living. The net profits of the packing industry, as I recall it over this period of years, was $\frac{1}{8}$ cent a pound.

Q. Is that taking the years from 1936 to 1948?—A. Yes, as appears later in one of the other statements.

By Mr. Thatcher:

Q. Mr. McLean, is it not a fact that since the ceilings came off in October the company's profits have been considerably greater than they were while ceilings were on, month by month?—A. No, I think they were less.

Q. I do not think so, not from what I see of your balance sheet.—A. I would say they were less. That appears some place or other in these statements.

Mr. THATCHER: Well then, we will wait until we reach them at a later stage.

Mr. DYDE: There is one question arising out of what you said a few minutes ago. You said, when full competitive conditions are returned that the gross profit would be less. Now, I assume that you include in that the competitive element of the consumer having the right to exercise perhaps a larger share of influence on prices than they could under ceilings and other controls?

The WITNESS: Well, I do not know that the consumer would have more power there. The consumer always has that power. But there would be a greater disposition to exercise it. Now, that is what has occurred within the last two or three months.

The CHAIRMAN: And the consumer always has had that power and definitely has exercised it?

The WITNESS: Yes. During the wartime when employment was full there was an unprecedented demand for and consumption of meat in Canada. I should think the figures will bear that out.

By Mr. Dyde:

Q. Would you turn now to page 64, that is the page headed generally "Sales and results, meat packing plants", and you will note that in the upper right-hand corner it is the calender year 1947, by month; and the point that I wanted to bring out at the moment was with reference to the figure for October which is red; I wanted there simply for you to tell the committee what was the period of the strike in your plant?—A. I think it was from September 11, to October 21.

Q. Oh, I see it is shown here on page 32. The strike was from the 10th of September to the 24th of October, 1947. That is at the bottom of the page there Mr. McLean. That is correct, is it not?—A. Yes.

Q. Now on page 64. I look at the same column to the right-hand side of the page which is headed "Profit or loss, all meat", and I run down to the last figure but one in that column, which is $1,207,582; and I see in the immediately preceding column under the heading "Sales value of meat" that you have a figure $16,175,597; and following that same line back you have in the very first column under "Shipments, meat only" in thousands of pounds, a total of 53,448,000 pounds. Do you see those figures?—A. I see them. Yes.

Q. Can you tell the committee how much per pound the profit is in that period? I don't want it exactly. It is over 2 cents a pound, isn't it?—A. Yes, it is over 2 cents a pound

Q. Over 2 cents a pound in that period?—A. Yes.

Q. Then would you drop down to the calender year 1948, in the first line of figures and in the profit or loss column we have the figure $500,963?—A. That is right.

Q. And in the first column on the same line, shipments of meat, the amount is, I think, 36,524,000 pounds?—A. That is right.

Q. And according to my calculations that is almost 1½ cents a pound?—A. Yes.

Mr. Dyde: For the moment, gentlemen, I am leaving that page to go on to some other. If there are any questions?

By Mr. Dyde:

Q. Now I am going to turn to page 11, of your document, Mr. McLean; and my purpose there is to call the attention of the committee to the fact that page 11, is the beef account for the calender year 1947; and another page, page 17, is the pork account; and the intervening pages you will notice, gentlemen, are veal, on page 12; veal on page 13; lamb on pages 14 and 15; and pork is on page 16; but you will note that page 16 is for the calendar year 1946. So that the two pages that I wish to call particular attention to are pages 11 and 17, being the beef and pork accounts for the calender year 1947. Now, page 11, Mr. McLean—this is perhaps simply adding to what we have already said— I note that at the meat packing plants the profit or loss per pound during most of the year 1947, showed a loss, the beef figures were in the red?—A. Yes.

Q. Then you go to the four-week period ending the 6th November, 1947, before you come to a profit figure. I think that is the 6th of November, isn't it; the four-week period ending the 6th of November that shows a profit position?—A. You are correct.

Q. And we have a profit position in the four-week period ending the 6th of November; another profit position in the four-week period ending the 4th of December; and another in the period ending the 31st of December, although down to ¾ of a cent?—A. Right.

Q. Then in January you drop down below the totals for the period ending the 28th of January and there is a profit position of ⅔ of a cent.—A. Yes.

Q. Which becomes a loss in the February period?—A. Right.

Q. I turn now to page 17 and, still dealing with the head note, "Meat packing plants", I find that in pork, in 1947, there was a profitable situation except for January, until you come to the period ending the 9th of October?—A. Yes.

Q. I mention there, merely—perhaps you agree—that these profitable figures in the early part of the year are all under ceilings and that, then, on the 9th of October, you get into the strike period?—A. Yes.

Q. After the strike period and the losses incurred in October and November you come to a profit position in the period ending the 4th of December—these are in cents per pound, I think—and you have a profit position in December, 1947, of ⅝ths of a cent per pound?—A. Yes.

Q. And a profit position of 7/16ths of a cent per pound in the period ending December 31?—A. That is correct.

Q. That profit position maintains and, in fact, improves in January 1948, where we have a profit of 1-5/64ths cents per pound?—A. That is right.

Q. And that becomes a loss again in February?—A. That is right.

Mr. Thatcher: Before you leave that point, Mr. Dyde, would those figures you have just read not mean that the company has definitely made greater profits in these last few months than it made in the corresponding months a year ago? I think the figures are self-evident of that fact?

By Mr. Dyde:

Q. What have you to say about that, Mr. McLean? Would you refer him to the page, Mr. Thatcher?

By Mr. Thatcher:

Q. For example, on page 11, beef account, we find a complete statement there. For January, 1947, in the plants there was a net loss of $93,000 and for January of 1948 there was a profit of $79,000?—A. Oh, yes.

Q. Would that not be contrary to the statement you made a minute ago to Mr. Fleming?—A. No, there is a very simple explanation for that, Mr. Thatcher. In January, 1947, we were still under price controls. There was a great scarcity of beef and the inspected packing houses had a very small percentage, a very much less than normal percentage, all of which made a very heavy loss on account of the black market situation.

Q. The company has made greater profits with controls off than it did last year?—A. Not because controls were off, but because of the black market losses and, partly, perhaps because the controls were off.

By Mr. Johnston:

Q. What do you mean by, "black market losses"?—A. I thought everybody understood that pretty well. When beef was scarce, during periods of control, and demands for beef were keen or strong, the price at which a processor was allowed to sell beef to the retail trade—I was going to say 25 cents. The larger houses, of course, observed the ceiling, but other persons, and these reached very large proportions, other persons bought cattle at prices that worked out at much higher prices than 25 cents, perhaps 26, 27 or 28 cents. Because beef was scarce and because demand for it was strong, they were able to sell it to the retailers for these higher prices.

Q. Was that so prevalent it affected the profit position of the larger companies?—A. It was very prevalent.

Q. Were you aware of that during that period?—A. Oh, yes.

Q. Did you ever inform The Wartime Prices and Trade Board with regard to it?—A. About 10,000 times.

Q. Was there any action taken at all by The Wartime Prices and Trade Board that you know of?—A. I would rather you asked the board that.

Q. I say, "That you know of"?—A. I would rather you asked the board that. I complained many times that the action was ineffective. I think it is fair that you should hear the story, if you do wish to hear it, from the officers of the board.

By Mr. Lesage:

Q. You know there were hundreds of prosecutions?—A. Oh, hundreds, yes. There were hundreds of prosecutions but, so far as beef was concerned, my own view was that they were not in the right places and they were not handled in the right way.

By Mr. Pinard:

Q. Why do you say that? Could you enlarge on that?—A. I could not enlarge on that.

Q. Since you have made that statement, it is only fair you should enlarge on it?—A. I am going to ask the chairman's permission that you should get your information from the people who were enforcing it.

Q. No, but you have stated that you thought the procedure was badly initiated or watched by The Wartime Prices officials—

The CHAIRMAN: I do not think he said it was badly initiated.

Mr. PINARD: Well, that it was not handled properly.

Mr. LESAGE: He said the wrong persons were prosecuted.

The CHAIRMAN: I believe he said prosecutions were instigated against the wrong parties.

The WITNESS: I know all the facts. I am saying certain things that are critical of conscientious persons—

Mr. JOHNSTON: Mr. McLean has stated now that he knows all the facts. I think it is sufficiently important that the committee should have those facts, even if Mr. McLean desires to have the protection of the committee in giving his evidence. I think the committee should have those facts, as Mr. McLean knows them, so we can be in a better position to discuss this problem with The Wartime Prices and Trade Board officials when they are before us.

The WITNESS: It just occurs to me that this subject was pretty fully commented upon in my last annual report. You have a copy of that in front of you. I think you would find that a satisfactory answer.

Mr. PINARD: Where would we find that in your annual report?

The WITNESS: If I could have a copy of the report, I could show you.

By Mr. Mayhew:

Q. You will admit it would take a lot of policing?—A. Yes.

Mr. JOHNSTON: If that was going on, to the extent Mr. McLean claims it was, where it interfered with the profit of these companies and also was a direct cause in the increase in prices to the consumers, I think that is something with which this committee is very vitally concerned.

Mr. LESAGE: I think it would be interesting to read what Mr. McLean says in the report.

> On their part the directing officers of the board made a strenuous and continuous effort to enforce ceilings. But the task was a difficult one.
>
> The difficulty was that of securing evidence. Only two persons, the seller and the buyer, knew the facts of illicit transactions. As both these persons were exposing themselves to heavy penalties, they were most undependable witnesses. The record of the illicit transactions, in the accounts of seller and buyer, furnished no evidence. Goods were invoiced at ceiling prices. Payments in excess of ceiling were in currency, and were made "under the counter".
>
> In the main, violations were confined to processors on the fringe of the industry. These persons found themselves in a position to greatly increase their volume, at margins of profit much higher than normal. The fact that they were spread throughout the cities, towns and villages of all Canada made the task of catching up with them a very difficult one. In relation to offences, there were extremely few convictions.

Mr. JOHNSTON: I would say, so far as that part is concerned, if there was not sufficient evidence to warrant a conviction, that statement would be merely an opinion and not a fact at all.

Mr. LESAGE: You asked for it.

Mr. JOHNSTON: I want the facts. I did not ask you to read it. I was asking Mr. McLean about it.

The WITNESS: My answer is that those are the facts.

By Mr. Johnston:

Q. Have you evidence to substantiate that?—A. I do not know whether the evidence I would submit to you would be found to be satisfactory, but I repeat that those are the facts.

Mr. JOHNSTON: Probably we can go into that in further detail when The Wartime Prices and Trade Board officials are before us. However, I think counsel

should take particular note of it and some investigation should be made with The Wartime Prices and Trade Board. If necessary, further steps should be taken in that direction because a very serious charge has been made by Mr. McLean.

Mr. LESAGE: It is not a charge.

Mr. JOHNSTON: Yes, it is a charge.

The CHAIRMAN: In fairness to Mr. McLean, I do not think it can be called that. He did say he called The Wartime Prices and Trade Board a great number of times—

An Hon. MEMBER: A thousand times.

The CHAIRMAN: I do not think he meant actually 10,000 times. I think that was symbolical. Mr. McLean could not call The Wartime Prices and Trade Board 10,000 times. He did say The Wartime Prices and Trade Board conscientiously and, I think he used the word diligently, proceeded with their duties.

Mr. JOHNSTON: But the results were not very effective as is shown by this balance sheet.

Mr. LESAGE: If you were an investigator you would find out how very difficut it is, when the contract is between two persons, to find out about it. Those two persons won't tell you.

Mr. JOHNSTON: I am not an investigator.

The CHAIRMAN: I am sure you will want to pursue that matter, and there will be an opportunity for you to do so.

By Mr. Winters:

Q. I wonder if Mr. McLean will go one step further and say what he set out to say, that is, how these black market operations resulted in a loss to his company?—A. You will find it all, I think, amongst those papers. The worst period was the first six months of 1947. You will find that our losses on beef in those six months were colossal. It was all due to the fact we either had to retire from the beef business or keep in it at a loss.

By Mr. Dyde:

Q. That does not quite explain what Mr. Winters asked, I think, Mr. McLean. It is true you point to a loss and it is true you say there was a black market operating. I think Mr. Winters wanted you to explain more accurately how these black markets did bring about that loss. What were the individuals on the black market doing that caused losses to Canada Packers?—A. Well, they were buying cattle at a level commensurate with the prices at which they were selling beef. The regular packers had either to pay that price for the cattle or go out of business.

By Mr. Johnston:

Q. Was the beef available at the plants for them if they wanted to get it from there?—A. Pardon?

Q. Was the beef available at the plants for the retailers rather than having to buy it through the black market?—A. Well, all the beef which the inspected houses bought was available at the ceiling prices, but the inspected houses, during this black market period did a much less than normal percentage of the beef business. On the one hand, you had a group of people who were making a heavy loss and, on the other hand, you had a group of people making a profit; and the slaughtering of the cattle transferred from the first group to the second group. Customers bought their beef from the inspected houses at the ceiling prices to the extent they could get it. They bought the rest of their beef on the black market at black market prices.

Q. The retailers would be losing on that beef because they would have to sell it at reduced prices?—A. Not exactly, they would be making less profit.

By Mr. Winters:

Q. During that period, Mr. McLean, did your company contribute pretty heavily in the export of beef to Britain, to the troops overseas?—A. During the black market period, there was no beef going to export. It was because beef was scarce that black market conditions existed.

Q. It existed to the extent it actually interfered that much with your operations?—A. In the fall, when the heavy run of cattle came, when the surplus of cattle from the pastures were being marketed, the black market ceased or practically ceased because there was enough beef to go around. It was during that period of surplus beef that beef was set aside for export.

By Mr. Lesage:

Q. If I understand what you mean, Mr. McLean, it is this; that the black market people were ready to pay high prices to the producers of cattle and you had to meet competition?—A. Oh yes, we either had to pay the same price or not buy cattle.

By Mr. McCubbin:

Q. Is this the story, the producer got better prices on account of the keen competition?—A. Yes.

Mr. JOHNSTON: No, the black market.

The CHAIRMAN: Let the witness answer Mr. McCubbin.

The WITNESS: I do not know why you phrased it that way, the producer got the benefit of the higher prices that were forced by the black market operations.

Mr. PINARD: The prices which were paid in excess of the ceiling prices.

Mr. LESAGE: There was no ceiling on the price of live cattle.

The WITNESS: I should like to call your attention to the fact, in connection with this discussion, that I did not introduce this discussion deliberately. I was asked to explain why the profit on beef in January of this year was so much higher than the profit on beef in January of last year.

Mr. JOHNSTON: I think it has been very helpful to the committee, Mr. McLean.

The WITNESS: I certainly have said nothing here which I have not already said to the enforcement branch of The Wartime Prices and Trade Board. They had an extremely difficult job. I do not think they went about it in the right way, but perhaps they did.

By Mr. Fleming:

Q. Would it be fair to say that, in the light of your evidence, the black market did flourish on a big scale during this period of control of which we are speaking?—A. During the periods of scarcity.

Q. During the periods of scarcity while controls were in effect?—A. Yes.

Q. Now that controls have gone, the black market has gone with them?—A. That is correct.

By The Chairman:

Q. There could be no black market without a control system, could there?—A. No, there could not be a black market unless there was a ceiling.

By Mr. Thatcher:

Q. On page 11, Mr. McLean, those figures at which you were just looking in connection with the beef account, show some very heavy losses in the first six months of 1947. Do those figures include your by-products or are they for beef only?—A. Are you referring to the $895,000?

Q. Starting in January, the $93,665; February, $135,457—those figures are on page 11?—A. Yes, I have it. You are asking if the by-products would be an offset to that?

Q. Would they be included in those figures?—A. Perhaps Mr. Dyde could answer that better than I can. I think they are.

Mr. Dyde: I think they are not, Mr. McLean. I think it is a beef account entirely. If you refer to page 59, I believe you will find a separate by-products account. I think your correct answer to Mr. Thatcher is that, on page 11, it is a beef account only. Could you be sure about that?

The Witness: Well, I will answer it definitely tomorrow morning.

Mr. Fleming: I just draw attention to the fact that on pages 28 and 29, you have figures on by-products for the same period.

Mr. Dyde: Mr. McLean now says definitely that page 11 does not include by-products.

By Mr. Thatcher:

Q. Could I pursue my point, then? Those figures in red, then, would not be nearly so bad if the by-products were included?—A. They would be offset by the by-products figures, yes. Those are copies from our records, just as they appear on the records, and I explained last time I was here the system we follow.

By Mr. Dyde:

Q. May I deal with one or two other pages while we have the time? On page 27 you have set out, have you not, an account covering hides and skins for the calendar years 1946 and 1947 and for the two periods in 1948?—A. Yes.

Q. Taking it by and large the hides and skin account shows a pretty steady profit?—A. Yes.

Q. There are in the two years and two months, only two occasions, I think, when the hides and skin account shows any loss?—A. That is correct.

Q. And following that somewhat further, I see also, looking at the calendar year 1947 and at the last three months of 1947, or the last three periods in 1947, that these figures mean $12\frac{15}{16}$ cents per pound?—A. That is correct.

Q. And in the period ending the 4th of December that is $8\frac{3}{16}$ cents per pound?—A. That is correct.

Q. And $3\frac{1}{16}$ cents per pound?—A. Yes.

Q. And in January 1948 again the figure is $2\frac{9}{16}$ cents per pound?—A. Yes.

Q. It drops again in February to $\frac{3}{4}$ cents per pound?

By Mr. Thatcher:

Q. Before you leave that question Mr. Dyde, in the brief on page 50 at January the 20th it shows the ceilings were advanced on hides 3 cents a pound and on calf skins 5 cents a pound. Later, on September 15th, decontrol of prices on hides, skins and leather products occurred. I would like to get the figures for hides which Canada Packers had on hand on those two dates. I do not see those figures in the brief. Would you have those figures anywhere, Mr. McLean?—A. Yes, the figures would be available.

Q. Could you have them tomorrow?—A. Yes, I think so.

Q. I am asking for the figures on January 20th—A. What page are you reading from?

Q. Page 50, and Mr. Hall's report?—A. Yes.

Q. Would you get me your inventory on the dates January 20, 1947, and September 15th, 1947?—A. January 20th, 1947 and September 15th, 1947?

Q. Yes, thank you.

The Chairman: I think this would be a convenient time to adjourn and the committee will hold an executive session to cover amongst other matters, the point you had in mind the other day, Mr. Thatcher, regarding nails.

The meeting adjourned to meet again Thursday, April 22, 1948, at 11.00 a.m.

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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 43

THURSDAY, APRIL 22, 1948

WITNESSES:

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ontario.

Mr. A. J. E. Child, Assistant Treasurer, Canada Packers Limited, Toronto, Ontario.

Mr. Hugh M. Murray, General Provision Manager, Canada Packers Limited, Toronto, Ontario.

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MINUTES OF PROCEEDINGS

Thursday, April 22, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Harkness, Irvine, Johnston, Lesage, Martin, Thatcher, Maybank, Mayhew, McCubbin, Merritt, Pinard, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee in attendance.

Mr. Fleming moved, seconded by Mr. Merritt, that this Committee now proceed to write and submit to the house an interim report containing its findings with respect to its inquiries into bread and butter.

The Chairman ruled the motion out of order on the ground that the Committee had disposed of a similar motion in its Executive Session of April 21.

Mr. Fleming then moved that his original motion which, on April 21, had been deferred for later consideration, be now considered and put to the Committee.

Motion negatived.

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, was recalled for further examination. Mr. A. J. E. Child, Assistant Treasurer, Canada Packers Limited, Toronto, was also called, sworn and examined.

At 12.50 p.m. witnesses retired and the Committee adjourned its public sitting to go into Executive Session, and to meet again in public session at 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Harkness, Irvine, Johnston, Lesage, Martin, McCubbin, Maybank, Merritt, Pinard, Thatcher, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. McLean and Mr. Child of Canada Packers Limited, were recalled and further examined.

Mr. Hugh M. Murray, General Provision Manager, Canada Packers Limited, Toronto, was also called, sworn and examined.

At 5.40 p.m., the Members being called in the House for a division, witnesses retired and the Committee adjourned until Friday, April 23, at 11 a.m.

R. ARSENAULT,
Clerk of the Committee.

11139—1½

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

April 22, 1948.

The Special Committee on Prices met this day at 11 a.m. The Chairman, Hon. Paul Martin, presided.

Mr. FLEMING: Before we proceed may I raise one point not in the hope of creating any contention—we had ample of that yesterday. I do not want to refer in a public session anything done in a private session, but in view of the fact that a motion of mine was put and disposed of in a certain way in the private session yesterday afternoon, I think it should either be reported to the public session or re-opened here. I would like now, if I may, to put the motion in this public session. You are aware of the motion to which I refer, Mr. Chairman, and I think I am in order in so doing. It is a matter of importance and it does not relate merely to the internal business of the committee, which business may not be of public interest, but it is a matter of considerable importance and of public interest. For those reasons, after having put my motion in private session yesterday, and not having been successful, I think I should now be permitted to put the same motion in the public session. Therefore, I will move, Mr. Chairman, seconded by Mr. Merritt, that this committee do now proceed to write and submit to the House of Commons an interim report containing the committee's report with respect to its findings regarding bread and butter. Our work on those two subjects is completed, with the exception of perhaps an odd little detail which could very quickly be disposed of in connection with bread. The committee having spent some ten weeks in conducting an investigation into those two important commodities, the time is ripe for the committee to make a report covering its work containing such findings as the committee thinks itself in a position to make. Such action will give the House of Commons and the public an opportunity of assessing the work of the committee, what has been accomplished to date, and what value may be attached to continuing the work upon which the committee is now engaged.

Mr. MERRITT: I second that motion.

Mr. LESAGE: Mr. Chairman, as far as I am concerned I would not be ready to participate in the preparation of any report on bread. The date we have covered up to now is not sufficient for me to be in the position of participating in any report to be made on bread. I believe any interim report we would be able to put through now would be incomplete and unsatisfactory. We surely have to look into the matter of wheat, and into the business of the milling companies, before we can do anything on the matter of making a report with with respect to bread. I do not know if the other members look at the problem as I do but I do not see how we can make a report. As far as butter is concerned I think we have the material to make an interim report but I question the usefulness of so doing.

Mr. THATCHER: Mr. Chairman—

The CHAIRMAN: Before recognizing Mr. Thatcher I think I should say, now that Mr. Fleming has brought this matter before us, that the motion was discussed in executive session yesterday. I will say no more than that there was a motion moved by Mr. Fleming and seconded by Mr. Merritt, that an

interim report should be prepared for presentation to the House with respect to the committee's findings on bread and butter. There was an amendment to that motion, subscribed to by all members of the committee other than Mr. Fleming and Mr. Merritt, that the report be not immediately prepared but the question of preparing such a report be deferred for later consideration. There was considerable discussion by all the members of the committee who showed they were anxious that a report be prepared, but it was felt we should make sure all of the evidence was before the committee. I think that view should be stated in fairness to the committee. Now the matter has been brought into the open—

Mr. HARKNESS: I was not present at the executive session and I would very strongly support Mr. Fleming's motion. I cannot see any force in what Mr. Lesage has said—that we have not enough information to make a report.

The CHAIRMAN: I may say, Mr. Harkness, that there is a very important matter in connection with bread that counsel is now considering in the light of an opportune time of presenting the evidence to the committee.

Mr. THATCHER: Mr. Chairman—

Mr. HARKNESS: I am not finished, I was just in the middle of a sentence.

The CHAIRMAN: Mr. Thatcher had asked to speak before you started but I failed to recognize him.

Mr. THATCHER: Finish your sentence, Mr. Harkness.

Mr. HARKNESS: I think we have had sufficient information on bread, and certainly we have had sufficient information to make a report on butter. If we have not sufficient information now we will never have it and the time is now drawing to what we hope will be the end of the session. If we are not going to make a report on these matters for a couple of months the evidence is going to be pretty stale in our minds.

Mr. LESAGE: Speak for yourself.

Mr. THATCHER: We have wasted twenty minutes now debating a subject which was debated yesterday and I do not know why it was raised. Let us have the vote and get on with the evidence.

Mr. MAYBANK: Mr. Chairman, I think there is a point of order which arises here. I do not think the motion is in order. The committee handled this whole matter yesterday, and it does not matter whether it was in executive session because it was not just the steering committee which handled the matter yesterday. There was a motion made with respect to the wishes of Mr. Fleming and Mr. Merritt. The motion was voted upon, those two members being the only supporters. It is Mr. Fleming himself who is now offering to restore that motion. I am not saying the matter cannot be reconsidered but I submit that if there is a desire to have it reconsidered the expression would have to be from some person who voted the other way. I submit the motion is not in order at the present time because it was deferred by an amendment moved by Mr. Thatcher, seconded by Mr. Irvine, and carried. I say that the committee's decision is binding, and it is only incidental that the vote occurred in the executive session and, I submit, Mr. Fleming's motion now is not in order.

Mr. MERRITT: I would like to say a word in connection with the motion and as to whether it is or is not in order. Surely it cannot be said that at these executive sessions the points of view of the various members of the committee, and the strong wishes of those members, may be put to a vote and voted down. Those members could then be left without any power to air the matter in public. That state of affairs cannot be just, and if motions are to be put in executive session, surely dissatisfied persons should be able to raise the matter afterwards in public.

Mr. LESAGE: Is this not a question of publicity? It looks very much like it to me as we seem to have the same thing morning after morning.

Mr. JOHNSTON: I wish to say a word. I am not against the point of making an interim report on bread and butter at this time, but the thing which bothers me is that we have two situations with respect to the bread business. Now as far as our investigation into bread is concerned we only took into consideration the eastern part of Canada. As I pointed out yesterday in the executive session it seems to me that before we complete bread we should at least go into the situation in the west. It has been pointed out that the Combines Investigation has stopped us there. My view, after having been home during Easter and having looked around a little, is that the prices of bread are far higher in the west than they are down here. Therefore, I think there should be some investigation into bread prices in the west. If it is the desire of the committee to make an interim report pertaining to the east I have no objection, but I would object, on the other hand, if we did not go into the western bread situation and we would have to make another report on that. As far as butter is concerned I quite agree with Mr. Fleming that possibly we have gone sufficiently far, unless counsel has other evidence which he has not yet revealed, and we could make a report on butter. Whether it would be advantageous to make a report at this time I am not certain. I would like to point out again, Mr. Chairman, that I think this committee should investigate the bread industry as far as western Canada is concerned.

The CHAIRMAN: We discussed this matter yesterday and it was pointed out the Combines Investigation people are out in the west. You will recall that in the earlier sessions of the committee we recognized the two spheres of function. Now, as chairman, I think the point taken by Mr. Thatcher is a good one. We have spent a lot of time at each session on such matters as arose yesterday and today, thereby shortening the period which we could otherwise devote to the matters we are investigating. I am going to rule, the matter having been decided by the committee in executive session only last night, that the motion now put by Mr. Fleming is not in order.

Mr. FLEMING: Mr. Chairman I am then obliged to do this. The disposition of the motion in executive session yesterday was made by way of the amendment of Mr. Thatcher that this motion be tabled.

The CHAIRMAN: Yes.

Mr. FLEMING: I would therefore now move that the motion be taken off the table and put to the committee.

The CHAIRMAN: You have heard Mr. Fleming's motion? All those in favour? Those opposed? The motion is defeated.

Mr. DYDE: Mr. Child is with us today and I would like to have him sworn.

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ontario, (Witness), recalled:

Mr. A. J. E. Child, Assistant Treasurer and Chief Auditor, Canada Packers Limited, Toronto, Ontario, called and sworn:

Mr. THATCHER: Mr. Dyde, before you begin your examination, I wonder if Mr. McLean, or Mr. Child, could give us the balance sheet for the last fiscal year—the fiscal year ending in March 1948?

Mr. MCLEAN: Tentative results have been arrived at and I think they appear at one place or another, but the balance sheet has not been drawn up and will not be completed for probably three or four weeks.

By Mr. Dyde:

Q. Mr. McLean, yesterday a question arose which we thought might be answered this morning. I asked you whether you could say if the table of by-products could be broken down into by-products of the different types of meat. Your answer was that you did not know, but perhaps Mr. Child could tell us this morning.—A. That was not the question that I was unable to answer. I can give you a definite answer. The by-products come from all types of animals and go to a common department. For instance it has not been possible to separate tallow from cattle and sheep from lower grade lard.

Q. I wanted to make sure that I had the right answer. Now there was another question directed by Mr. Thatcher and there was some thought that you could answer it this morning?—A. Yes, I have the answer.

Q. It was in connection with the figures for hides?—A. That is correct.

Q. I am referring to the typewritten copy of yesterday's proceedings and Mr. Thatcher said he would like to get the figure for hides with respect to the number Canada Packers had on hand as of January 20, 1947 and September 15, 1947?—A. I have those figures.

Q. Would you be able to give them now?—A. I have only one copy of these figures but on January 20 the total number of hides in the cellars of Canada Packers was 82,759.

By Mr. Thatcher:

Q. Would you have that figure in pounds? I see the ceilings went up 3 cents a pound.—A. That is correct.

Q. How many pounds are represented by that figure of 82,759?—A. 50 lbs. per hide is a very accurate average.

Mr. DYDE: And on September 15, 1947, Mr. McLean, what is the figure?

The WITNESS: 67,522. I am sure these figures are accurate although they have been obtained over the long distance telephone.

By Mr. Thatcher:

Q. Would that include the Hunnissett company or is that just Canada Packers?—A. Just Canada Packers.

Q. Hunnissett would have some also?—A. Yes, Hunnissett would have some.

Mr. CHILD: They would have a very small and very negligible amount.

By Mr. Dyde:

Q. Mr. McLean, we were dealing with a number of pages of a document which you produced and I wish to go now to page 29. I just want to point out to the committee, with your help, that it is a statement of the by-products for the calendar year 1947 plus, at the bottom of the page, a statement covering the two periods of 1948?—A. Yes.

Q. And I notice that under the heading "meat packing plants," that the last column is "profit or loss per pound"?—A. Yes.

Mr. JOHNSTON: What page is that?

By Mr. Dyde:

Q. Page 29. And in the column headed "profit or loss per pound" the figures are in cents. I just want to make that point quite clear. The figures relate to the weight per pound of by-products and not per pound of meat, am I correct?—A. Yes.

Q. Those figures are then cents per pound of by-products?—A. Yes.

Mr. MAYBANK: Is that the fourth column of page 29?

Mr. DYDE: Yes.

Mr. Maybank: It is the fifth column when you take into consideration the date column.

Mr. Dyde: Yes.

Mr. Fleming: Your remarks also apply to the eighth column as well.

The Witness: Yes.

By Mr. Dyde:

Q. Your statement applies to the last column also, does it not?—A. Yes.

Q. Then would you turn to page 31? When requesting material, Mr. McLean, we asked you to give us, in this particular schedule, the price which you actually paid for good butcher steers and for grade A hogs. In the request I went on to say "if in the case of beef you are unable to produce those figures, please state whether or not you accept the price for steers as set out in the Weekly Live Stock Review of the Department of Agriculture." I notice immediately following page 31 there is a chart. Is that the best you can do to answer the question as to what price you actually paid for good butcher steers?—A. That graph is a graph of the prices as reported in the review which you have just mentioned.

Q. Then, may I clear the point by saying you would accept the figures in the Live Stock Review as being the prices paid by Canada Packers?—A. Oh, yes. That is the official document.

Q. You see it was not quite clear to me. You did give pork prices on page 31 and it was not quite clear to me whether you did or did not accept the Live Stock Review. Would you turn back to page 60 and at the same time would you look at an exhibit which is before the committee—exhibit 94? On the first page of exhibit 94 where there have been produced the figures from the Live Stock Review with reference to the prices paid at Toronto for red brand, commercial, and cow beef?—A. Yes.

Q. Now I am saying to you those are reproduced from the Live Stock Review. Do those figures correspond with the chart, to which we referred to a moment ago as following page 31?—A. That chart is the price of live cattle.

Q. Yes?—A. And this is for beef.

Q. Then may I pass on to another page which is the fourth page of exhibit 94. This information is taken or is received from the market information division of the Department of Agriculture, and there is shown the monthly average price of good butcher steers?—A. Yes.

Q. Now do those prices correspond with your chart following page 31?—A. I should like to think those are the exact figures. I think the chart shows the prices from week to week and those are monthly prices which are given by the department. This graph is prepared from the same document.

Mr. Maybank: Just to be clear about that graph, is that graph offered by the witness as his own, or is it something that came out of a publication and was accepted by him.

Mr. Dyde: Would you answer that question?

The Witness: This is a graph that we publish in our annual reports from year to year, and it is a reflection.

By Mr. Maybank:

Q. It is your own graph?—A. Yes.

Q. Just the same as if you had supplied certain figures? Instead of supplying the figures you are setting forth the information in graphic form?—A. Yes, it is a much easier way to read the figures. It is confusing to read figures set out week by week.

By Mr. Dyde:

Q. Then, may I refer you to page 30? I perhaps should have done this at the same time that I was referring to page 29; but on page 30, you are there

given the actual inventory quantities, are you not, in thousands of pounds of beef frozen and other beef, and freezer pork and other pork, and at the bottom lard?—A. Yes.

Q. So that if we look at the column under the 31st of December, 1947, and at the line, total beef; that figure is 10,083,000 pounds, total beef inventory at that date?—A. Yes.

Q. And we find that below that figure opposite total pork we have an inventory total of 14,761,000 pounds?—A. Yes.

Q. In the case of beef the inventory compares with the inventory of the year previous of 5,247,000 pounds, the same month of the year, previous?—A. Yes.

Q. And in pork the difference between December 31, 1947, and December 31, 1946, is less; in other words, the year previous you had 12,201,000 pounds?—A. Correct.

Q. Now, would you turn to page 44. There is one point I would like to draw to your attention, Mr. McLean; and that is that yesterday when you were estimating the long range fraction per pound I think you said that you thought it was about $\frac{1}{8}$ cent a pound?—A. Yes.

Q. And on this page under the column "per pound" which is towards the right-hand side of the page—

The CHAIRMAN: It is the third last column?

Mr. DYDE: Yes, the third last column. I find the figure there set out is $\frac{1}{7}$?

The WITNESS: That is right.

By Mr. Dyde:

Q. Is this the accurate figure, $\frac{1}{7}$?—A. That is the exact figure.

Q. That is arrived at, is it, by taking the average of all the fractions above?. —A. Yes.

Q. For the period shown?—A. The weighted average. The number of pounds each year and the price each year.

Q. There is another column on this page showing the totals; and I am not criticizing, I am just indicating it; there is another column on this page showing the totals of profits before inventory reserve, bond interest, income tax and bonus?—A. I noticed that. I asked Mr. Child to work it out and I have the figures here.

Q. I think it would be well for us to have them now so that we could put them in. They would come in I think between the column headed "sales value" and the column headed "inventory reserve", would they not? That would be the appropriate place?—A. Yes.

Q. So these figures you are now going to give us are, let me be exact, your profits before inventory reserve, bond interest, income tax and bonus?—A. Mr. Child just called my attention to the fact that they are after bond interest and before the others. Bond interest is considered as a prior charge.

Mr. FLEMING: And after inventory reserves too?

The WITNESS: No, before inventory reserves. After bond interest but before all these other charges.

Mr. FLEMING: Mr. Chairman, I have just one question on this page, if I may. I take it that the figure on volume is in pounds and that the other figures on the page are in dollars, with the exception of the one there which shows the fraction per pound of profit.

The WITNESS: Oh, the first column is pounds.

Mr. FLEMING: On all kinds of animals?

The WITNESS: On everything we sell.

Mr. FLEMING: And everything else on the page is dollars, except the per pound column which is the third column to the right-hand side, and that is in cents?

The WITNESS: Oh, yes; that is cents per pound, or fractions of a cent per pound. I might say Mr. Dyde that we prepared this table thinking that that gave a condensed picture of the history of the period for which you have asked; and when you are through with your questions I would like to say a few words by way of explanation of that statement.

Mr. THATCHER: I wonder if Mr. McLean at the same time could give us a table of the depreciation charged off in each of these years. Would that be possible?

The WITNESS: It is in the annual report. I can have it prepared and submitted this afternoon.

Mr. THATCHER: All right. Thank you.

Mr. FLEMING: Is that depreciation reserve the amount which is approved by the Department of National Revenue? That is what you show in your income tax returns, I presume?

The WITNESS: I think there might be a word of explanation. I intended to do that in any case. As to depreciation charges, the charges that we set up each year are based on the full cost, the book value of our fixed assets without the subtraction of the depreciation reserves which have been set up. That has been our practice—my practice, I was a bookkeeper to begin with—ever since I have been in the business; and that depreciation reserve is higher than the reserve that is permitted by the Taxation Department. And on that amount over and above what I might call the official depreciation we pay taxes, of course. That is treated by them as profit. But nevertheless we set up depreciation on that higher amount based on the full value because we consider that that is sound business practice.

Mr. THATCHER: Could you then, Mr. McLean, also this afternoon give the committee the amounts which the department has allowed you to charge as depreciation in your profit and loss statement?

The WITNESS: Yes. You have that.

Mr. DYDE: I think you might now read into the record the figures you have before you which should be entered to complete that page.

The WITNESS: Oh yes. I think they should be read into the record and I suggest that that might be put on the left-hand margin. There is room for it there.

Mr. THATCHER: Which set of figures is this?

The WITNESS: These are the figures showing the profits after bond interest and before all the other charges.

Mr. DYDE: And we are on page 44.

The WITNESS:

Year	*Profit after Bond Interest*	*Profit Cents per Pound*
1936	2,181,276	$\frac{1}{3}$
1937	2,450,964	$\frac{1}{3}$
1938	1,561,579	$\frac{1}{5}$
1939	1,774,171	$\frac{1}{5}$
1940	3,814,827	$\frac{1}{3}$
1941	3,959,527	$\frac{1}{3}$
1942	6,099,638	$\frac{1}{2}$
1943	4,896,839	$\frac{1}{3}$
1944	6,147,892	$\frac{1}{2}$
1945	7,124,373	$\frac{1}{2}$
1946	5,815,756	$\frac{1}{3}$
1947	5,007,243	$\frac{1}{3}$
1948	6,444,000	$\frac{1}{2}$

This is the year ending March. That $6,444,000 is the year that is just finished for which our financial statement has not been taken off yet, but this may be taken as quite accurate. In addition to that I also have these figures expressed as a fraction of a cent per pound on volume, the same as in the other column.

Mr. DYDE: I think they should be included also.

The WITNESS: Yes, they are very interesting.

The CHAIRMAN: What is this now?

The WITNESS: I am also including the figures showing the fraction of a cent per pound on the number of pounds sold. May I add that in each case this is the nearest figure by which to express it as a single fraction. And, to complete the record, I should indicate that the average of the above fractions is one-third. (See table above.)

By Mr. Dyde:

Q. Mr. McLean, I would like to clear my mind about a point that is troublesome to me. I am looking at page 44, and I am also looking at page 7. It is perhaps not a great point at the moment because I assume that it is because the figures were taken at a different time; but would you look at the right-hand column on page 7; and the lowest amount under net profit over all the period for all products, the figure there is $2,010,462. Do you find that figure?—A. You mean that bottom figure?

Q. The line before the bottom line.—A. Yes.

Q. Should not that be exactly the same as the figure of the net profit on page 44, for the same period?—A. No, because that is up to February 23. You see, there is one period added in the later statement.

Q. Oh, that explains it, the statement on page 7, omits a period which is included in the corresponding figure in page 44?—A. That is right.

Q. Now, in the same connection, what is the reason for the difference between page 7, and page 44, in the fractions per pound which I see there? There is on page 44, the fractions per pound which you have averaged out at one-seventh—that is on the bottom line?—A. Yes.

Q. And there is at the lower right-hand side of page 7, another series of fractions per pound which also average 1/7th, but they are not the same fractions per pound.—A. I haven't got the statement on that. I will have to ask Mr. Child to answer that for you.

Mr. DYDE: Would Mr. Child explain that for us, please?

Mr. CHILD: The correct ones are on page 44. In most cases they are the same, but page 7 is a preliminary table and there are two or three errors there. The correct figures are on page 44.

The WITNESS: How could that be? They are all taken from accounts which have been closed off long ago.

Mr. CHILD: Yes.

Mr. DYDE: That is what I was trying to ask.

Mr. CHILD: Yes, but in taking it down we made an error on page 7.

The WITNESS: At any rate these are taken from and you will find them in our annual report.

Mr. DYDE: That is what I thought, and that is why I wanted to see which statement had the right figures. We are satisfied about that now.

Mr. LESAGE: How could an error be made?

The WITNESS: I will inquire into that. I cannot understand how it could happen.

Mr. CHILD: Well, when you are preparing a mass of statements like that in so short a time, it cannot be done without running the risk of error.

Mr. JOHNSTON: It was just a matter of copying them down on this table.

The WITNESS: Yes. There is a simple explanation, but I am stumped. I do not know how it could happen, and I am very humiliated by that.

The CHAIRMAN: You are a perfectionist.

Mr. DYDE: In any event, the reason is not that page 7 is preliminary. It must be some other reason.

The WITNESS: They were taken from the same source. I do not see how that could have happened.

Mr. JOHNSTON: Mr. Child just said that it was a preliminary statement. I was just wondering if it was because it was preliminary in nature, or whether it was an error in taking it down.

The WITNESS: We will look into that and let you know.

By Mr. Dyde:

Q. Then, I think you have some general remarks to make on page 44, and I am still holding this page in front of me and I refer to page 7, and to the table which is in the right-hand lower corner—not the total, but the one next to it, which you have headed "profit or loss, total meat and by-products". Now, the figure I see opposite February 25, 1948, is $2,063,565, and when you carry that to profit or loss per pound I am right, am I not, that that figure is ½ cent per pound?—A. Yes.

Q. For that period?—A. Yes. I hope it is right.

Q. I am sure it is.

Mr. DYDE: Now, Mr. Fleming, I am finished as far as that page is concerned.

Mr. FLEMING: There was just one question I wanted to ask at this point, as to the significance of the whole table. In view of the figures we have had are we to understand that this table covers the complete 13-year period from 1936 to 1948, inclusive.

The CHAIRMAN: You are referring now to page 44?

Mr. FLEMING: Yes, to page 44. If the company had not set up 1 cent of inventory reserves, had not paid 1 cent of income tax by reason of seeing no visible income, had not paid 1 cent of bonus to employees and had not made 1 cent of profit that the result in terms of price to the consumer would have been over the whole period only a saving of ⅓ cent per pound?

The WITNESS: That is correct.

Mr. LESAGE: Is it all right to ask questions on this table now?

The CHAIRMAN: Yes.

By Mr. Lesage:

Q. I am looking at page 7, now, Mr. McLean, and there we have the total of meat and by-products—the fourth last column, "total meat and by-products"—and I see that in 1936, there was a loss of $158,905?—A. Yes.

Q. And then the profit on by-products was $1,288,011?—A. Yes.

Q. Would you tell members of the committee what the by-products are; by that I mean, would you tell us what your products are apart from meat and butter?—A. There are a very large number of them, Mr. Lesage. I think I have a list of them here somewhere. In another statement we set up our results under four different categories; livestock, other farm products, non-farm products and manufacturing.

Q. We have the table on that in this period?—A. It has not been submitted yet. I asked for that yesterday and I have it here somewhere.

Q. You understand why I am asking that question?—A. Yes.

Q. Because in 1936 your meat department was run at a loss? You were saved in the over-all picture by what you made in other departments?—A. That is correct.

Q. Well, in 1948, your over-all profit was below too; the figure is lower than the figure for the profit on meat and by-products?—A. Yes. Now here it is. You wish to know the products?.

Q. Have you a table for each year since 1936, showing the profit and loss of the meat department?—A. No. We have it in each department, but not on each group. For the last three years—I'm sorry, two years ago, this is the third year—by way of pointing out certain facts that I was emphasizing in my other report—that is the first time we thought of doing that, of dividing the results of the business into those four groups. Now, I am not sure that I am answering your question exactly, but I have this memorandum which shows the accounts that go into each of these groups.

Q. I will be very happy to have them.—A. The livestock accounts are beef, by-products—blood. We treat the blood with a quite elaborate process to make what is called soluble blood which enters into glue—

Q. Pardon me, Mr. McLean; you said blood. Is that included in all the tables here?—A. It goes into the by-product.

Q. It is in the by-product? —A. Yes, it is part of that.

Q. Did I understand you to say that one of your meat by-products is blood?—A. Well, the soluble blood is included in the by-products in that statement.

Q. In the by-product statement?—A. Yes. A separate account is kept for it throughout the year but the results are included in the by-products Casings are dealt with in the same manner. I have shown casings on this list.

Q. Casings are included?—A. Yes. Sheep, lambs, calves, and provisions. This latter expression is an omnibus expression including pork products, sausages, and meat. Those are amounts that are in the livestock group.

Q. I understand the tables shown here, whenever they are entitled "meat and by-products" include the materials which you have mentioned just now? —A. Yes, that is correct.

Q. Does it include meat meal?—A. Meat scrap—the products that go into livestock beef?

Q. Yes? Yes.

Q. And the price?—A. The stock feeding account comes at the end of the third division. The meat scrap is transferred at the market price. There is always a definite market price and it is transferred at the market price.

Q. To the stock feed department?—A. Yes.

Q. Could I have a table of the prices for the last two years?—A. Yes.

Q. You can furnish that?—A. Oh, yes, certainly.

Q. What do you call that material in the English language? Is it "meat scrap"?—A. Yes.

Mr. Pinard: Tankage.

Mr. Lesage: Tankage? Yes, but when it is finished as a feed for animals what is it called?

The Witness: Concentrate?

Mr. Dyde: I am not sure whether you are at one yet?

Mr. Lesage: Perhaps you can help me, Mr. Dyde? I am referring to the feed for animals which comes from meat scrap. What is the term you used to describe it?

The Witness: It is used as protein in the animal feed.

Mr. Lesage: That is what I refer to in my question?

The WITNESS: It is the feed fed principally to poultry and hogs.

Mr. THATCHER: Mr. Chairman, I would like to refer to page 44 for a moment.

By Mr. Lesage:

Q. Mr. McLean has not finished his answers to my qusetion. He was referring to only the first group.—A. The second group included other farm products, butter, eggs, cheese, poultry, fruit and vegetables. The third group consists of non-farm products—shortening, made from imported vegetable oils; soap, and fish. Storage warehouses—we have two or three of those. Feed—that is stock feed, fertilizer; and then we have a plant in Chicago and a minor office in New York. Reference to those two establishments is made there. The fourth division is what we call manufacturing. The products manufactured are mostly meats, but the endeavour is so additional and separate—it involves very high expenditures in plants—that we separate manufactured food.

Q. You transfer meat from one department to the other at market prices?—A. Yes. Canned meats, fruits, vegetables, frozen fruits, pickles, olives, and dog food are included. I will have copies of the figures supplied.

Q. Your accounting system allows you to give us figures for each group? —A. Yes, for the last three years.

Q. When can you have them?—A. I have them here but the preparation of them has just been completed. I would be glad to furnish copies.

Q. I do not think we should press you at all but if it is possible, in co-operation with the secretariat, to supply the figures we would like to have them—perhaps this afternoon.—A. You might want to know what the profit was on this or that division for a particular year.

Q. I think it would be better if you prepared a complete table?

The CHAIRMAN: All right.

By Mr. Thatcher:

Q. I would like to refer for just a moment to page 4. There are several points upon which I am not clear. First of all, the inventory reserve is shown and I note that the company, for the past year, set up $626,000 as an inventory reserve. If my understanding is correct that figure is not included in the net profit of $2,178,000?—A. That is correct.

Q. But it is included in the $6,444,000?—A. Yes.

Q. Would your profit not actually be the sum of those two figures—the $2,178,000 and the $626,000?—A. Pardon?

Q. Would your real profit not be the sum of the two figures?—A. No. We set the figures down that way because we considered that the reserve of $626,000 was necessary to meet future liabilities. As a matter of fact, the members of this committee know all about that reserve, although they may not realize it. That figure is the total profit we made on butter in the present fiscal year, which I have told you before is a very large profit but it will inevitably and certainly be lost in some future year.

Q. Yes, but you are anticipating losses when you do that, Mr. McLean? Is it not a fact, as far as the government is concerned, that in paying your income tax you are not allowed an exemption on that figure?—A. We have paid the tax on it.

Q. In other words as far as the government is concerned your income is the sum of the two figures?—A. It is exactly the same as the item above.

Q. You said a moment ago you are setting this reserve aside for future losses. I note that since 1940 you have set aside $4,626,000?—A. That is correct.

Q. Do you not think that is a little excessive?—A. I hope it is.

Q. Is not the situation as far as meat is concerned a little different now than it was after the last war when you had to anticipate losses? Is it not a little different because you have the long-term contracts which the government has secured with Great Britain in respect to meat? Certainly you would not think there was much danger of loss on meat and inventory after this war, as compared with after the last war?—A. You are asking me to assume the role of prophet and nobody knows.

Q. It is a fact that you have a contract price for most of your export meat?—A. Yes, for the next few months.

Q. You could not have inventory losses during that period?—A. After the last war most of the packing houses in the United States, and most of the packing houses in Canada, either went into liquidation or went to the verge of liquidation.

Q. Are you not protected this time by the fact that you have these long-term contracts?—A. By what?

Q. These long-term contracts.—A. You see there are no long-term contracts. There are indications of a contract in bacon but the price is not fixed. Fundamentally the fact is, Mr. Thatcher, that prices in Canada today are at an all time high. We thought prices in 1920 were extremely high but they are much higher now. Nobody knows how long the situation will prevail. I do not think there is a person living who can give you a confident answer to your question.

Q. But the fact you have these long-term contracts makes it less likely that you will suffer losses?—A. We have not got those contracts.

Q. The fact you have the government contracts on bacon and meat— —A. What contracts are you speaking of, Mr. Thatcher?

Q. We have had for some time government contracts for meat supply to Great Britain have we not, and another contract is being negotiated at present?—A. Yes.

Q. I will say that if those contracts go through the price of meat could not fall suddenly as long as the contracts were in effect?—A. Yes, but when the contract ceases prices will still be on that high level and there will be a liability towards losses.

Q. Yes, but you will know ahead of time that the contract will not be renewed and you will start buying meat from the farmer at lower prices?—A. You give me credit for greater fore-knowledge than I possess.

Mr. Irvine: But not for greater astuteness?

The Witness: Remember that I fully understand the questions and I am trying to give you exact answers, but anwers are just not possible.

By Mr. Tatcher:

Q. As far as the government is concerned with respect to this $4,626,000 inventory reserve, they have not allowed you an exemption for income tax purposes?—A. I beg pardon?

Q. As far as the Income Tax Department is concerned they have not allowed you that exemption?—A. No, we paid taxes but I should add a note of explanation. We paid the standard corporation taxes but we did not pay the excess profits tax on those upper items.

Q. In other words as far as your balance sheet is concerned, from 1940 the net figure shown would be $4,626,000 greater as far as the Income Tax Department is concerned? The figure you show in the 1947 balance sheet, on page 20, the profit from operations is $1,986,265 but in addition to that you had set up a wartime inventory reserve and the figure should be greater by the amount of the reserve? In other words, the net figure which you have shown since 1940 does not take into account any of this amount of $4,626,000?—A. No, that is right. Those are net profits after setting up this reserve and paying corporation taxes but not excess profits tax.

Q. As a result of following that procedure the picture as indicated to the general public would be weaker than it actually is?—A. Not at all.

Q. The general public sees your net figure?—A. Any competent reader of a statement would know exactly what it was and would know that it is not sound business to follow any other course.

Q. May I go, Mr. McLean, to this matter of depreciation? I am sorry I have not got your 1948 balance sheet, but can you give me the figure which you have charged for depreciation?—A. Yes, I can give it to you approximately. It would be approximately $900,000 which is about the same as the figure for the previous year.

Q. $900.000, and would you know of that amount how much was allowed by the government?—A. I do not know that. I know the total difference between the depreciation we set up over the 20 years and the amount allowed by the government is $6,000,000.

Q. When Canada Packers was originally set up can you tell the committee what the total sum involved in the transaction was?—A. Yes, it is on page 2.

Q. Which figure is it?—A. The top figure.

Q. $22,000,000?—A. The capital structure of the company at its inception consisted of bonds, $8,512,000; preference shares $6,636,000; common shares, $1,413,000; appraisal surplus $6,142,000.

On page 2287 of the Steven's Report—I have not got the report here—I understand the total sum involved in the transaction was $11,329,711.61 and I cannot just reconcile that anwser given in 1934.

Mr. Fleming: By whom was the answer given?

Mr. Thatcher: By Mr. McLean, I believe.

The Chairman: You had better read it.

Mr. Thatcher: I have not got the report here.

Mr. Fleming: It is hardly fair to throw one item at a witness and ask him to remember what occurred ten years ago.

Mr. Maybank: You cannot expect to get real attention to the question if you do not read the report.

Mr. Thatcher: I will delay my questioning for three or four minutes and someone else may proceed.

The Witness: You have mentioned the price spreads investigation and I would like to make a comment. That statement referred to by Mr. Thatcher may or may not be correct, I do not remember, but the report is a storehouse of misinformation with respect to the packing industry.

Mr. Maybank: Just a moment, did not this witness himself give some of that evidence?

The Witness: I would say that what I gave was correct.

Mr. Maybank: Then it is a storehouse of misinformation otherwise than in respect of your own evidence?

The Witness: I am speaking of the comments in the report concerning the packing industry. You will remember that the packing industry was under fire then—I was going to say as it is now—but I do not interpret this situation as being "under fire".

The Chairman: This a fact finding committee.

Mr. Fleming: There is no fire.

The Witness: We were being attacked then because the prices were too low.

Mr. THATCHER: Mr. McLean, on this particular point, I am not trying to attack you but I am trying to get at the original figures so I can find out what this depreciation figure signifies. The only information I had was what I read here and I thought that was the correct figure.

The WITNESS: I have been in the packing business, as it happens, forty-seven years this week. I started as a bookkeeper and over those forty-seven years I was trained to set up more than enough depreciation as opposed to too little depreciation. I consider that is sound business practice and I have followed it all my life. The accumulation of the depreciation we have set up, in excess of that required and permitted by the government for exemption on income tax is, $6,000,000 over the twenty years.

By Mr. Mayhew:

Q. Mr. McLean, what would be your average inventory?—A. I beg pardon?

Q. What would be your total average inventory?—A. Oh, it is very high at the present time. I can get the exact figure but my recollection is that in 1939 it was about $7,000,000 and I know it is about $30,000,000 now. The figure is another part of the answer to the question asked by Mr. Thatcher a few minutes ago.

Q. That is what I am coming at. This $626,200 which you have set up would represent what in cents per pound?—A. That is the total profit on storage butter made this year but which we are going to lose. If the chairman would not mind me saying so, that is a point which the Canadian Press report omitted. I consider the Canadian Press report was a very fair report of my evidence when I was last here, but it emphasized that we had made a profit which I reported then as $500,000 odd. They did not say a word about my statement that later, when the movement was in reverse, there would be a loss.

By Mr. Winters:

Q. If you translate the sum of $626,000 into cents per pound on the total volume of business what does it come to?—A. On $25,000,000 it would be 2½ cents.

Q. On the basis of your total volume in pounds it is a very small fraction of a cent?—A. I will tell you what it is.

Mr. MAYHEW: The loss would not be on the total volume but it would be on what he had in inventory.

The WITNESS: The figure asked by Mr. Winters is about ·005—you can work it out.

Mr. WINTERS: If you applied that whole amount against a decrease in price it would be pretty insignificant on the price of a pound?

Mr. FLEMING: The amount would be ·005 or 5/1000 of a cent as a proper fraction.

The WITNESS: Mr. Child is working out the exact figure.

The CHAIRMAN: Yes, we can get the exact figure.

By Mr. Dyde:

Q. Mr. McLean, would you now turn to page 57?—A. Would you mind if I made a statement now?

I am very grateful for all the questions asked with respect to page 44 but there are two or three items upon which information should be added. In column 1 there is shown the total number of pounds sold over the period—1936-1948 was the period concerning which Mr. Dyde asked us to submit figures. The number of pounds is 15 billion—they are very large figures—15,260,000,000. The total sales over the period were $1,895,000,000. Now. I will jump over to

the net profits. The net profits are $21,000,000 and they are derived in the fashion which Mr. Thatcher indicated by his line of questioning. You will note how those profits have been disposed of. I will call your attention to the fact that the taxes paid to the dominion government before the profits were arrived at were almost exactly the same figure. We had a profit of $21,000,000 after paying to the Dominion of Canada $21,000,000. There is only a difference of $200,000 between the two figures. Then, at the end of each year when the profits have been ascertained, if the profits were more than a reasonable return on the capital invested in the company, our practice was and is to set aside a reasonable return on the investment and then divide the difference between the shareholders and the employees of the company. I believe that Canada Packers, on that profit-sharing and bonus-plan, has paid much larger sums of money than any other company—or at any rate any other company of which I know in Canada. You will notice that the sums paid to employees amount to $10,113,000. These are bonuses paid over and above the regular wages, paid at the end of the year after the profits were ascertained.

The CHAIRMAN: When you say "any other company" do you mean any other company engaged in the packing business or do you mean any other corporation?

The WITNESS: I might be wrong, but I think I would have heard about any company paying more. My statement is not actually the result of careful examination of the facts. There are two other interesting coincidences. I have already called attention to the fact that the taxes paid to the federal government are almost exactly the same as the net profit of $21,000,000. This was not by design at all, but the sum paid in bonuses is almost exactly the sum paid to the shareholders as dividends. The dividends you will see in the last column are $10,400,000 and the bonuses to employees are $10,113,000. Those are interesting figures.

By Mr. Maybank:

Q. That $10,400,000 is just an addition of the one column. You have not carried into that column the $316,710?—A. No.

Q. It is closer to $11,000,000?—A. It is much more than that if you add the preference shares. I should explain that when the company was formed there were $6,000,000 odd worth of preferred shares. Those were bought in 1936 and no dividend was paid until after the preferred shares had been retired because it was necessary to accumulate the profits in order to build up working capital of the company. Now there have been dividends paid in earlier years on the preferred shares but it just happened in 1946 that the last of the preferred shares were retired. This figure, the $10,113,000 represents dividends paid on common shares. I just want to add to the information already brought out by questions in the committee, that the total profits which I have given you is the figure before the inventory reserve is taken off, before income tax is paid, before bonuses are paid, and before dividends are paid. Those items bring the amount to $57,000,000, and if that $57,000,000 had been eliminated entirely—as Mr. Fleming brought out more clearly than I am doing myself—if there had been no payments of taxes to the government, if there had been no inventory reserve, and if there had been no bonuses, and if there had been no dividends, and if all the benefits had gone to the housewife by way of reduced prices of meats, the housewife would have benefited by ⅓ of a cent a pound.

By Mr. Irvine:

Q. Are you sure of that figure, Mr. McLean?—A. Yes.

Q. I understand in these lumped profits you include by-products?—A. Yes.

Q. You cannot expect that the housewife would be buying 10 pounds of hides for breakfast?—A. We are dealing with the total profit made by the company, but I see what you mean. The housewife does not buy by-products.

Q. If the figure for by-products were included in your profit it would mean a much higher figure than $\frac{1}{3}$ of a cent a pound?—A. You are quite right on the point you raise, but the total profits of the company over this period—1936 to 1948—have amounted to $\frac{1}{3}$ of a cent a pound. Whatever share of it there is, there will be a distribution as between what the housewife buys and what the housewife does not buy.

Mr. JOHNSTON: And that total cost you mentioned there includes hides too?

The WITNESS: It includes everything.

Mr. DYDE: And on the volume in pounds, Mr. McLean, that $\frac{1}{3}$ cent a pound would amount to how much in dollars?

The WITNESS: $57,278,000.

By Mr. Lesage:

Q. Now, Mr. McLean, lets turn it around; for instance, does it include the profit on the meat groups?—A. Oh yes, everything. Everything, all the operations of the company.

Q. Which means that when meat scrap is taken off the carcass and transferred to your other department; that would amount to $\frac{1}{3}$ cent a pound in one department the livestock department; and when it is transferred to another department, let us say stock feed, is there another $\frac{1}{3}$ cent a pound on the same product?—A. No, I do not think that is correct. On the transfers, where a product is transferred from one department to another department, that does not count double volume. The volume is the volume on the ultimate sale.

Mr. IRVINE: Is it correct to say, Mr. McLean, if you had not made any profits at all then the housewives of Canada would have had their meat cheaper last year by $57,000,000?

Mr. MAYBANK: Oh, no.

The WITNESS: This is the average for 13 years.

Mr. DYDE: Would you let us have it for 1948, Mr. McLean, because you gave the figure for the period as $\frac{1}{3}$ cent a pound and we are particularly interested in what that would amount to in 1948?

The WITNESS: The exact figure of profit last year was $2,178,000.

Mr. DYDE: Yes, but if on your volume of sales the housewives were better off by that $\frac{1}{3}$ cent a pound, accepting that $\frac{1}{3}$ cent a pound for the moment, what would the figure be in dollars?

Mr. IRVINE: Yes, that is the point. I said one year. I didn't mean that. Now the figures are in here.

Mr. DYDE: It would be $\frac{1}{3}$ cent a pound on 1,447,775,161 pounds, would it not?

The WITNESS: It is, if you will add—

Mr. DYDE: And that works out to nearly $5,000,000?

Mr. HARKNESS: Did not Mr. McLean give us a gross profit of $6,444.000?

The WITNESS: Yes, the gross profit for the year was $6,444,000. That is the answer to your question. But it is a negligible amount—

The CHAIRMAN: It is $\frac{1}{3}$ of a cent. To the housewife it is not negligible; not by any means, for the average housewife.

Mr. LESAGE: If I might reverse my question; how do you work out these transfers?

The CHAIRMAN: Just a minute, Mr. Lesage, Mr. McLean has something on his mind. I was just going to make the observation that perhaps we are under the impression that this $\frac{1}{3}$ cent a pound, or $\frac{1}{2}$ cent a pound as it was last year, is negligible. I just want to make that point, that it is not negligible to the average housewife who has to budget very carefully.

The WITNESS: No, but we are examining into the present high cost of living.

The CHAIRMAN: Yes.

The WITNESS: And the housewife is worried because of the fact that food—

The CHAIRMAN: Order, please.

The WITNESS: That foods since 1939, have doubled in price.

The CHAIRMAN: Yes.

The WITNESS: Now, so far as the packing house—and we are examining into the recent rise in prices. At least, I understand that the reason this committee was set up was that there was a general view on the part of the housewives that somewhere either somebody was not playing fair—that conditions were sort of getting difficult—and we are examining into the role played by the packing industry in the supply of meat. The housewife, as has been said, is disturbed because her food costs twice as much as it did in 1939.

The CHAIRMAN: Yes.

The WITNESS: Now, so far as the packing house is concerned, in 1939, if we take the packers' gross profit figures, the profit was $\frac{1}{5}$ of a cent a pound, and in 1948, that is the year just closed, the profit is $\frac{1}{2}$ cent per pound. Now, that is the extent—

Mr. THATCHER: Might I interject a question there, Mr. McLean?

The CHAIRMAN: Let the witness finish his answer, please.

Mr. MAYBANK: I think it would be better to wait and let the witness finish his answer.

The WITNESS: You will see in both years the profit of the packing industry is really, is practically a negligible factor. Now, the problem is disturbing the housewife. You will say it is not negligible, and that is true, if you are not achieving a big volume of business, say half of what it is at the present time. The housewife is paying—I don't know, 65 cents perhaps—for bacon, perhaps more. $\frac{1}{3}$ cent a pound would not mean much to the housewife.

Mr. THATCHER: Could I interject a few words there?

The WITNESS: Yes.

By Mr. Thatcher:

Q. When you say it would only have the effect of $\frac{1}{3}$ cent a pound; when the ceiling was taken off, and when the price went up in January, would not the amount that you still had on hand go up in value by 5 or 6 cents a pound? —A. We put up our prices immediately.

Q. Then certainly it would not be $\frac{1}{2}$ cent a pound for the housewife, it would be about 6 cents.—A. That is not so—

Q. I am not blaming you.—A. I'm glad you raised that point, because we had expected to make a substantial profit on that but the fact was that we made a loss as a result of that. I will be very glad to enlarge on that, if you wish.

Mr. FLEMING: I think, Mr. McLean ought to have a chance to enlarge on that, but at the same time we have been discussing prices, and I think now that Mr. Thatcher is introducing the question of profit and really confusing that with price.

The WITNESS: Well, you see, the meat industry, the livestock industry, is a rapidly moving, flexible industry.

Mr. THATCHER: I think we should pursue that, but could we go to the relative page in here?

Mr. MAYBANK: Do you not think, Mr. Chairman—Mr. Thatcher has suggested that he might enlarge on that answer. I think it would be fair to let Mr. McLean do that. Don't you think we should let him finish the statement he was in the course of making?

Mr. THATCHER: All right.

The CHAIRMAN: Do you wish to enlarge on that, Mr. McLean?

The WITNESS: You mentioned the fact, and I can understand these mass figures may seem confusing to persons who are not familiar with the industry and are seeing them for the first time. I am bound to say that I have been amazed at the amount of relevant—that might not be the word I am looking for—the amount of relevant questions that have been asked.

The CHAIRMAN: It is nice for this committee to have such a compliment.

Mr. MAYBANK: I think we might say, he is a very smooth witness.

The WITNESS: Here are the facts. When the price of bacon was advanced 7 cents a pound that was equivalent to an advance in the price of hogs of 5·5 cents; and the equivalent advance in the price lists which we sent out following that was proportionate. I might say, Mr. Chairman, that that is the general practice. When the market moves up prices move up, and when the market comes down the prices move down. But we did not get this advance, largely by reason of the very movement that I think gave birth to this committee; the housewives for twelve months have seen the cost of living going up month by month. I have forgotten the figures, I think they have advanced from 130, or 126 to 150, and her dollar was buying her less each week and each month; and when the announcement was made of the advance in the price of bacon, you see there was a sort of country-wide rebellion about it.

The CHAIRMAN: I do not want to interrupt your statement, but I think this is a rather important phase of our interrogation of Mr. McLean. But I have had a discussion with counsel and I understand that he intends to deal with that but that he does not want to deal with it right now. I do not want to abridge what you want to say now, but I just thought I would indicate that that matter is going to be gone into fully at the proper time.

The WITNESS: Would you rather I continue that later?

The CHAIRMAN: If you want to finish your own statement. Have you much that you want to add to it?

The WITNESS: I just wanted to give an explanation dealing with the point Mr. Thatcher raised. I would be glad to do that at whatever time you get to it.

Mr. DYDE: Now, Mr. McLean, my thought was this: that in the time we have at our disposal this morning I would finish one or two remarks I have to make on the different pages, and we have some general ground to cover which I had hoped we could cover before we dealt with that particular page.

Mr. THATCHER: Just before you do that might I finish that question?

Mr. LESAGE: I was obstructed in my own questioning about 15 minutes ago. I had to break off.

The CHAIRMAN: I was going to suggest to the committee that we ought to allow counsel to finish his general examination. I think that is the procedure which has been followed in this committee. We have found that the more efficient way of doing it. I think counsel should be permitted to continue.

Mr. FLEMING: I think we had better all hold back until Mr. Dyde has finished.

The CHAIRMAN: Yes.

By Mr. Dyde:

Q. I will be very short, Mr. Chairman. Now, with regard to these pages, would you turn to page 57, Mr. McLean. That is the page on which I think you have taken representative lots of beef cattle and shown the profit or loss; and I am really being quite frank, I am really questioning the value of these two pages. And I am doing that on two grounds. Would you look at the first lot which is August 27, 1947; and you give your profit or loss per hundred pounds as being .34—that is 34 cents?—A. Yes.

Q. Now, that is a red figure. The only red figure in that total?—A. Yes.

Q. And then would you be good enough to look at page 11, with this, at the same time, if you can; and when I look at the period finishing the 11th of September I find that you have a profit or loss per pound of $\frac{1}{5}$ cent?—A. Yes.

Q. Which is not the same as .34?—A. No.

Q. Why do these figures not jibe?—A. Well, because the $\frac{1}{5}$ cent a pound is the average of many hundreds of lots of cattle. This is a single lot.

Q. Yes. Well then, we must be careful to note that this is a single lot and that the average is shown on page 11, if we are going to take the average for the period.—A. Oh, yes. I think that page was put in for an entirely different reason; it was to make clear the basis on which our costs are made up, the process of arriving at the cost of beef from the live carcass to the cuttings.

Q. And my thought on it is that it is not representative?—A. No, it is not representative at all. It is a single lot out of a hundred.

Q. Then just let me call attention again to the item of October 29, which is at the bottom of page 57, where you show a red figure .16?—A. Yes.

Q. Now, if I go back to page 11, in that period I note that your average was in fact a profit of $1\frac{1}{2}$ cents?—A. Yes.

Q. So that in looking at these pages we must be very careful to remember that this particular one is not even representative of the average?—A. Oh, no. It was put in for an entirely different purpose.

Mr. MAYHEW: It is headed, "four-week period".

Mr. JOHNSTON: And the word "representative" is there. That might be confusing.

Mr. DYDE: That is what confused me on the top of page 7. You speak of it as a representative lot.

The WITNESS: I have not seen these. This was prepared by our Mr. Hall. He is here in the room and if you wish to you may call him and ask him why this was put in.

Mr. DYDE: It would not make any difference why they were put in, would it, Mr. McLean?

The WITNESS: Well, the typed heading there is entirely correct. They are representative lots, but not representative of the average. As I said, they were put in for one purpose only, to show how beef costs were figured.

By Mr. Dyde:

Q. Then there is one other question with regard to pages 57 and 58, to which I would like to direct your attention; and that is that the expenses which are included in each case under the heading "plus expenses"; and in the August 27 example you have an expense of $311.85. Do you find that on page 57?—A. Yes.

Q. And when I calculate that on a dressed weight basis I find that is 1·65 cents per pound on dressed weight?—A. Yes.

Q. And when I follow that down to the second example where the expense is $172.75, I find that exactly the same amount is indicated with reference to the dressed weight; namely $1.65 per pound of dressed weight?—A. Yes.

Q. And am I correct in saying that on page 58, in both items the expenses have been calculated always at $1.65 per pound?—A. Yes.

Q. On both pages 57 and 58?—A. Yes.

Q. Now, my question there really resolves itself into this: that whoever prepared this page has taken a constant expense ratio?—A. Well, I think they are probably exactly the same class of cattle.

Q. Well, it is a constant figure that is being used to indicate the expense? —A. I would not think that the figure for steers would be the same as the figure for cows. Cows would be lower. The low-grade cattle would be a different figure than the high-grade cattle. But these are probably all the same grade of cattle.

Mr. Fleming: May I make a suggestion in the hope of shortening this up if possible? If Mr. Dyde would go over points like this with Mr. McLean; and I think we all appreciate that Mr. McLean is under somewhat of a handicap in not having had an opportunity for preparation on matters of this sort; I think if that were done we would not need to take up the time of the committee going into the details of preparation. Possibly Mr. Dyde and Mr. McLean could go over matters of that kind between now and our next sitting at 4 o'clock.

Mr. Dyde: It is really more than that, with due respect. These figures were prepared and I have been doing my best in interpreting them, and I thought it would be fair for the witness to explain to the committee exactly what was going on. It seems to me that I am not wasting time. On the other hand, I am casting doubt on the value of pages 57 and 58 being of use to the committee.

The Witness: But I don't find you casting doubt on the allowances for the by-product; and I hope I have explained that it shows it is an illustration of our operations in figuring out the value of by-products; our method of valuing and arriving at the cost of beef. This is a system of costing which has been worked out and refined over a period of 48 years; and although I have not seen this before I am quite sure that that figure that we were speaking of, $1.65, probably is in accordance with a very careful and accurate system.

Mr. Dyde: But all I am saying is, Mr. McLean, that it is not a representative picture.

The Chairman: Maybe we could continue this later. Mr. Monet wishes to see the committee for a moment and it is now ten minutes to one. If it is convenient for Mr. Dyde we will have an executive session for a few minutes.

The committee adjourned, to meet again this afternoon at 4 p.m.

AFTERNOON SESSION

APRIL 22, 1948.

The committee resumed at 4 p.m.

The CHAIRMAN: The meeting will come to order, please.

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ontario (Witness), recalled:

Mr. A. E. Child, Assistant Treasurer and Chief Auditor, Canada Packers Limited, Toronto, Ontario, recalled:

By Mr. Dyde:

Q. Mr. McLean, we have dealt with a good many figures already and I would like to come to what I think will be the central part of this committee's work. I refer to the price increase which took place between the end of 1947 and the beginning of 1948. We have found up to date that your position in beef changed from a loss position over most of 1947, to a profit position in November and December.—A. Yes.

Q. And I am referring now to page 60, where we have the price of the sellings of red brand beef at Toronto. May I put it to you this way, Mr. McLean? It would appear that your profit position was obtained in December, 1947, because of an increase in the price at which you were selling wholesale. Now if you run down those figures on page 60 you will find that there is not a steady increase by any means, but that when you come to the 17th of December you are selling at $26.50; on December 24 you are selling at $26.50; in the week of December 31 you are selling at $28. I ask you directly if your profit position was not the result of your having raised your prices at that time?—A. Oh, not at all.

Q. Tell me what the reason was?—A. The profits began, as you will see, following the reopening of our plants after the strike. If you will consult the accounts you will see that my statement is correct. The period following the strike was from October 24—just at the time of heavy deliveries—to November and December—up until the middle of December, which is always a period of heavy delivery and is generally the time when we have the largest profit on beef. These profits were not due to the advancing prices. I think, if you will look at the prices you will find they did not advance but declined for some time.

Q. I said there was not a steady rise. There was a drop of a small amount through November 19, November 26 and December 3?—A. My answer to your question would be that there was probably a higher profit at the period of low prices—because of the seasonal change—than in December when prices began to advance. That is a change that always takes place after the middle of December.

Q. Now is that quite acurate, Mr. McLean, because if that is so why did you raise the price to $28 in the week of December 21?—A. Because the cattle market was advancing.

Q. You mean you were paying more for cattle?—A. Yes, that is always the case.

Q. Now we have an exhibit of the Live Stock Review and I notice on November 27 you were paying the farmer $14.74?—A. On what date?

Q. On December 27, and in that week you were paying the farmer $14.74; and in the week of December 31 you were paying the farmer $14.54—a drop

of 20 cents. In the same week you raised your wholesale price from $26.50 to $28.—A. The figures do not match, and I could not tell you without some study, but I want to be sure that I understand what you have in mind.

Q. I think it is quite clear what I have in mind?—A. It is not clear to me.

Mr. Irvine: It is clear to me.

The Witness: I would think our profits declined from the middle of December when cattle began to get scarce.

By Mr. Dyde:

Q. You say "when cattle began to get scarce," but your receipts or slaughterings of cattle are maintained at a high figure?—A. Cattle are always scarce then, and I think if you look at the runs for the first two weeks in December and the second two weeks in December you will find there is a falling off. However, I am speaking from memory and if what I say is not the case it must have been an unusual year.

Q. I think perhaps it was an unusual year, Mr. McLean, and let us look at the figures. According to exhibit No. 97 which is the Live Stock Market Review again, in the week of December 6, 1947 the cattle slaughterings in Canada were 46,575?—A. Yes.

Q. In the same week of the previous year they were lower—44,000?—A. Yes.

Q. In the week of December 13th, 1947, the slaughterings were 41,000 odd?—A. Yes.

Q. And in the previous year at the same time they were 36,000?—A. Yes.

Q. December 20, 1947, slaughterings were 38,000 and in the year previous they were 29,000?—A. Yes, but what about the next week?

Q. I ran over the figures for December 6 to January 3 because these figures are the ones given to me by the Live Stock Review, and I have only those figures.—A. But what about December 27?

Q. I have not got the figures for December 27.—A. You will find they were probably half of what they were in the previous week.

Q. But you had heavier slaughterings throughout all of the latter part of November up to and including the first two weeks of December?

Mr. Maybank: Do your figures go to January 3?

Mr. Dyde: I go to the week of January 3. I have not got a December 27 figure.

Mr. Maybank: That is the one which is missing?

Mr. Dyde: Yes, the missing figure is for December 27.

Mr. Maybank: That figure is missing, but Mr. McLean thinks the offerings would be half as much.

The Witness: I would think so; it is Christmas week. Perhaps I am estimating too low, but there would be a decline. The point I am making is that the figures which I have read support exactly what I have said. The rise in price towards the end of December is probably due to the decline in marketings, which decline occurs every year at that time.

By Mr. Dyde:

Q. Mr. McLean, all I can say in reply is that I am only missing one quotation on exhibit No. 97.—A. Yes, but the figures you have read support exactly what I have been saying.

Q. The figures I have read record the fact there was an increase in slaughterings in 1947 over 1946?—A. That is not what you are talking about.

Mr. Maybank: For the purpose of getting it clear in my own mind may I make an observation with a view to tacking a question mark on the end of the remark. Mr. McLean indicated that the offerings over a certain period of time were rather low, and then Mr. Dyde referred to a series of figures omitting December 27. Those figures do not indicate the offerings are low compared to the year before, but indicate rather that the offerings are high as compared to the year before. Is not that as far as you are inquiring at this very moment?

Mr. Dyde: Yes.

Mr. Maybank: The figures ought to speak for themselves do you not think, Mr. McLean?

The Witness: I have been in the cattle business for forty-eight years.

By Mr. Dyde:

Q. Yes, but we are just looking at figures.—A. Wait a minute, Mr. Dyde, I think you are being a little too abrupt with me. I think you are quite convinced of the point which you are trying to make, but I am submitting, with respect, that you are wrong.

Q. I am simply seeking information.

By Mr. Maybank:

Q. I do not think that an argument ought to be necessary and this questioning is only to inquire, is it not, whether the statement of the witness is borne out by the statistical picture?—A. Exactly.

Q. It either is or it is not, and surely there is nothing unfair.—A. All right, here are the statistics. Mr. Dyde has handed them to me and beginning with October 4 the cattle runs are given week by week—40,000, 42,000, 41,000, 51,000—that is October 25; the figures go on—52,000, 52,000, 49,000—that is the week of November 29, the week of December 6, 44,000,—a drop of 5,000; December 13, 36,000—and that is a drop of 8,000. December 20, 29,000—a drop of 7,000; if those figures do not support what I have been telling you, then I do not understand figures.

Q. How do they compare with the year before?—A. The year before has nothing to do with it.

Q. I thought that was where you started this—that these figures were lower than the year before?—A. No, they are higher, but the year before shows exactly the same trend. Let us read the figures. Beginning with October 4—12,000; that is an extremely low figure and I do not recall the circumstances.

Q. Perhaps it is an error.—A. The remaining figures are 10,000 and 7,000.

Mr. Dyde: Would that have been during the strike?

The Witness: No, the strike was in—

Mr. McCubbin: That was 1946.

The Witness: I have been reading the 1946 figures.

Mr. Dyde: Now you are reading 1947 figures?

The Witness: Yes, I made a mistake. You will find both columns support exactly what I have been saying, or at least I would be very surprised if they did not. The figures for November are 42,000, 47,000, 47,000, 50,000, 49,000, 46,000—and that last figure is for the week of December 6. December 13 figure is 41,000, a drop of 5,000. The December 20 figure is 38,000, a drop of 3,000; the January 3 figure is 21,000, and that decrease occurs every year.

Mr. McCubbin: That is 1947 to which you are referring?

The Witness: Yes, and if you take 1946, or 1945, 1944, or 1943, you will find that exactly the same pattern is followed.

By Mr. Dyde:

Q. What you are saying is that because of the drop in deliveries you raised the price to $28?—A. No.

Q. What are you telling us?—A. I am saying that probably the drop in deliveries led to the advance in prices of cattle and, of course, that automatically resulted in an advance of the prices of beef.

Q. But in reply to that statement a minute ago I said that in the week of December 27 you were paying $14.74 to the farmer but you dropped the price to $14.54 on December 31?—A. I would be very surprised—it is not much of a difference to begin with—

Q. But it is a drop?—A. No, no, wait a minute. It may be a different kind of cattle—

Q. No, now, Mr. McLean, I asked you this morning if you accepted the figures of the Live Stock Review. They are average prices for a particular brand—for good butcher steers. Now do not mislead us?—A. What?

Q. Do not mislead us?—A. Now, please, Mr. Dyde, have I at any time shown any indication of misleading you while I have been here?

Q. No, Mr. McLean?—A. Well, please do not say that.

Q. You tell me about this?—A. I presume you do not expect me to remember these things—I do not go on the market myself—and you do not expect me to remember all the details of what happened, but I am sure that the figures which appear there are easily explainable if you know the facts. I have given you the general pattern of the deliveries of cattle.

Q. I am trying to make sure that I understand, because the figures do not seem to mean to me what they mean to you?—A. No; you began by saying there was an advance in prices which seemed to you to be unjustifiable.

Q. Yes?—A. My reply is that whatever the circumstances were there is a good reason, although I am unable to give the reason.

By Mr. Maybank:

Q. That is not an appropriate answer in an inquiry of this sort. No person is questioning whether Mr. McLean believes there was a good reason for the advance, but this committee is not interested in opinionative evidence of this sort. Mr. McLean is not being impugned; but merely to say "I feel there is a good reason" is quite a futile statement, and evidence of that sort does not lead us anywhere. Surely we want factual material at this time. I am speaking a little ardently about this but I have been disturbed about the exchange which has taken place. Mr. McLean seems to think, in the last few minutes, that there was some unfairness on the part of counsel. I certainly did not reach that conclusion and I think what disturbs me is an answer such as Mr. McLean has given as opposed to a factual answer.—A. I may have misunderstood what Mr. Dyde said in his opening remarks and if I did it may be easily cleared away.

Q. We might all be wrong with regard to the tenor of things in the last few minutes and probably the best thing would be to get back to strictly factual evidence.

Mr. HARKNESS: Is the explanation of this not probably—

The CHAIRMAN: Mr. Harkness, I think counsel ought to be allowed to proceed.

Mr. HARKNESS: I was just trying to clear the matter up as rapidly as possible.

Mr. THATCHER: Whose counsel are you?

Mr. HARKNESS: I am not counsel at all, but I happen to know the price of live cattle went up a cent or two cents a pound immediately after January 2.

The CHAIRMAN: Mr. Harkness, I think an examination like this is important —and counsel ought to be allowed to proceed.

Mr. DYDE: I will come to the January figures?

The WITNESS: I have been looking at November and the prices were $26.50, $26, $26, for red brand-meat—the weekly average wholesale selling prices f.o.b. Toronto were $26.50, $26, $25, $25, and, up to that point that is exactly what I would expect, because it is the period of the heaviest runs and the prices are declining. On December 10 the price advanced from $25 to $26; on December 17 it was $26.50; on December 24 it was $26.50; on December 28 it was $28. Now please remember that I do not carry in my mind a photographic picture of all the runs on the market, but it is quite clear that picture is as exactly as one would expect. By the middle of December the big run of cattle is over and cattle are becoming scarcer. The market advances and the beef price advances along with it.

Q. Yes. Now, Mr. McLean, with reference to these figures I have already asked you about the item on the 28th of December, but going back to the earlier items there was an advance of $25 to $26 from the week of December 3 to the week of December 10, and the figure on slaughterings for the week of December 6 was 46,575. In the week of December 13 there were 41,716 slaughterings. I am really asking you whether it is a fact that the fall in slaughterings from the figure 46,575 to the figure 41,716, justifies a price increase of from $25 to $26.—A. I think quite probably it did. You see, this is the price of red brand beef. Now, red brand beef is the top quality, and the number of cattle that come on to the market is irregular in any week. If there is a heavy run that price would tend to be lower on all grades, and if the run were light it would tend to be higher.

Q. All I asked you was if you call that a sufficient drop in the run to justify price increase from 25 to 26?—A. That is not really the crucial question. We are speaking about the price of red brand beef; and the question is, whether there were fewer red brand cattle. This thing is all the red brand beef. Red brand beef sold at an extremely narrow margin and these prices—we just must restrict ourselves to the margin we are paying for our cattle.

Q. I have gone over the runs in the market and I reach that conclusion, do I not; does that drop from 49,000 to 46,000 head justify a price increase from $25 and $26?—A. Well, there was a drop in the whole marketings and I do not know what the drop was on the red brand beef. But you can depend upon this, that whatever the change in price was it would subsequently change our price position.

Q. Then when you come to the other figures I gave you in the light of the price the farmer was getting, why would he get $14.74, in the week of December 22 and drop to $14.54, in the week of December 31?—A. That is a different class of cattle. That is steers 1,040, down.

Q. Is your wholesale price different on each type of cattle? Is that what you are trying to tell me now?—A. Other than red brand beef.

Q. Yes and the good butcher steers produced, what?—A. These steers 1,040 pounds would be partly red, partly blue and partly commercial beef.

Q. Yes. Well, the price to the farmer still comes down?—A. Yes.

Q. For these good butcher steers?—A. I really don't – I do not really see the point that you are trying to make here, Mr. Dyde.

Mr. LESAGE: I do not think the witness has to see the point the counsel is trying to make. The only thing the witness has to do is to answer questions.

The CHAIRMAN: With all respect to you, Mr. Lesage, I do not know exactly what Mr. McLean meant. If by that he meant that he did not understand the

question, I think it is a perfectly proper observation; but if there is any other indication there that might be another matter. But my understanding was that he did not quite understand what Mr. Dyde was trying to drive at. Is that it?

The WITNESS: Yes.

Mr. DYDE: I think, Mr. McLean, after the series of questions we have had my meaning ought to be clear. I find your wholesale price going up. I find the price being paid to the farmer going down.—A. That is absolutely—that could not be correct.

Mr. DYDE: Well then, what you say is—

The WITNESS: You are quoting beef prices on one grade of beef and you are quoting the live prices on another grade of beef.

Mr. MAYBANK: Are we not supposed to get the price on the type of beef that is dealt with here?

The WITNESS: Of course. It is quite easy to get a complete explanation of all these things that are worrying us.

By Mr. Dyde:

Q. I asked you, Mr. McLean, to bring with you the actual prices which you paid for steers on the market in Toronto, and you came without those prices.—A. No, I have them.

Q. That is the price expressed on the chart; and then you said to me this morning that you accepted the livestock review prices.—A. Yes, they are exactly the same as on the chart.

Q. Yes; and I am not clear yet as to how you explain this difference. Is it in brands alone?—A. Well, let me try again. If we get that table there you will see it reads, on good steers 1,040 pounds and under. Is that correct?

Q. Yes. Your table—no, it does not say— —A. No, the government table.

Q. The government table is 1,050 pounds down.

Mr. MAYBANK: The government table means exhibit 97, does it?

Mr. DYDE: No, that is slaughterings.

The WITNESS: That is the grade of steers the government report all the time.

Mr. MAYBANK: I am only asking. I do not know the document.

Mr. DYDE: No, exhibit 97, does not record the different brands at all. It is the total.

Mr. MAYBANK: When the witness just now made reference to certain figures I just wanted to get them identified, to determine where those figures were, so it would be in the record.

The CHAIRMAN: Exhibit 97, is inspected slaughterings of livestock.

Mr. MAYBANK: Are those the figures which you have included in this graph? May we take those as being the correct figures? I refer to the graph following page 31.

The WITNESS: The graph is taken from the same report as you are reading from.

Mr. MAYBANK: Yes.

The WITNESS: But I have not got the original documents that you have. But the graph as we have it does not confirm that—

Mr. MAYBANK: Possibly another explanation of that might be that the graph does not follow directly the government prices.

The CHAIRMAN: The graph you told us yesterday was prepared by your company?

The WITNESS: Oh, yes. It is the graph which has appeared in the annual report of Canada Packers for 20 years, added to and completed at the end of each year.

Mr. DYDE: You see my difficulty, Mr. McLean; if I had the actual figures that you had paid then we would not have gotten into this trouble at all.

The WITNESS: Well, it is easy to get them.

Mr. MAYBANK: Yes, but we ought to have them now.

Mr. DYDE: You haven't got them with you?

The WITNESS: No. You see, I did not know what you would ask for, and it would be impossible for us to anticipate all the questions you are putting. If you wish me to, I can have that checked over and then we could either confirm it or otherwise, whatever it turns out to be.

By Mr. Dyde:

Q. We have gone over this already, but I will backtrack for a minute. On page 3, of my letter I asked you, in schedule 6, to state the weekly average price actually paid by the company for good butcher steers and "A" grade hogs at Toronto from September, 1939, and from August, 1947, to March 15, 1948. Then I go on and say in my letter; if in the case of beef you are unable to produce these figures please state whether or not you accept the price for steers as set out in the Weekly Livestock Market Review issued by the marketing service of the Department of Agriculture. Your documents came to me with page 31, and the chart.—A. We accept that.

Q. And then I asked you this morning if you accepted the livestock market review prices, and you said you did.—A. Of course.

Q. But it was from the livestock market prices that I quoted when I framed my comparisons.—A. And this graph, presumably, graphically records the information in the documents to which you have just referred.

Q. Unless it shows that the average price as to the week of December 31, was $14.54, then I am going to have to say that I doubt the accuracy of the graph.—A. December—what?

Q. December 31.

Mr. MAYBANK: Well, take a few figures from the table and see whether the graph does disclose the same, and then we will know that the graph is to be accepted, or not.

The WITNESS: As I recall it this decline you spoke of is 20 cents a hundred, isn't it?

Mr. DYDE: Yes.

The WITNESS: Let me stop for a moment on that. These are good steers, and on good steers, 1,040 down as I mentioned a few moments ago, these good steers prices include some red, some blue and some commercial. Now, the variation as between those three grades might quite easily account for much more than a 20-cent difference between the two weeks. I want to repeat, Mr. Dyde, that I am trying to give you complete information; and that I just can't understand that there is any—I am baffled to know what significance these questions have.

Mr. DYDE: I am afraid that I will have to leave that to the committee Mr. McLean. If my questions are not directed to matters that are within the terms of reference then I am sure the chairman will ask me to desist.

Mr. McCUBBIN: What about this December 31? We have here on page 60—

The CHAIRMAN: What page is that?

Mr. McCUBBIN: Page 60, of the Canada Packers material. We have included there the red brand beef and the price. Might I ask this question: what were they paying for red brand beef on December 31, Toronto; for blue brand beef and for commercial beef?

The WITNESS: That does not appear on either your record or mine.

Mr. DYDE: No, but it was one of the things I asked you to bring.

The WITNESS: No, no; it is not what you read there.

Mr. DYDE: I am saying that we asked for it

The CHAIRMAN: I may be wrong, Mr. McLean; but I was not aware of Mr. Dyde's letter; but as he read it out it appeared to me to be a pretty comprehensive request.

The WITNESS: Well, Mr. Dyde has just read the section of the letter in which he says he asked for this information.

The CHAIRMAN: Yes.

The WITNESS: Now, we have brought all the information and a good deal more, but we have not got the information that is necessary to answer his question. But it is very easy to get. We can get it by telephone.

The CHAIRMAN: Could we meet it, Mr. Dyde, by following Mr. Maybank's suggestion?

Mr. DYDE: Pardon?

The CHAIRMAN: I was wondering if we could meet it by following Mr. Maybank's suggestion?

Mr. MAYBANK: I want to know whether that graph is true. Have you any way of testing it?

Mr. DYDE: We can test it by going through all the prices that we have on Exhibit 96.

Mr. MAYBANK: Could we go through some of it, giving it a test in that way?

Mr. DYDE: Would you look at the graph, Mr McLean; we could test it together.

The WITNESS: Having regard to Mr. Maybank's question, this is the graph which has appeared, that has been a standard graph on our meat production for something over 20 years. It has merely been added to each year.

Mr. MAYBANK: I realize that.

The WITNESS: It is possible—we had a mistake this morning when we found that some of the information in one of the reports was inaccurate. I think it is extremely unlikely there is any inaccuracy in this; but, of course, it is possible.

Mr. MAYBANK: All I am asking is, is it true; and, is there any way of testing it.

Mr. DYDE: I find it extremely difficult to test. The prices which have been given to me do not help much because they run from week to week from the period August 2, 1947, to March 17, 1948, and the prices indicated on the chart are apparently divided into periods spaced at about three-quarters of an inch.

The WITNESS: Yes, but you see there is a separate frame for each month. Is that right?

Mr. CHILD: Yes.

Mr. MAYBANK: There is a separate statement for each month on this graph?

The WITNESS: Yes, practically, each line means a month.

Mr. MAYBANK: Maybe I am not looking at the same graph.

Mr. LESAGE: Yes, I think you have it there. There are two separate pages.

Mr. MAYBANK: It comes after page 31?

Mr. LESAGE: Yes. And it appears to be divided into months.

Mr. THATCHER: We should get the actual figures.

Mr. IRVINE: Yes. We need the accurate figures.

Mr. MAYBANK: We can get the accurate figures. This may not be far off.

By the Chairman:

Q. Just one question, Mr. McLean; you say you print this chart in your annual statement?—A. Yes. It is there. (indicating)

Q. No, this is the comparative live hog prices.—A. Oh, is that it?

Q. Yes. Oh, here it is.—A. You will see that it is an exact reproduction of that graph.

By Mr. Dyde:

Q. Do you agree with me, Mr. McLean, that it will be hard to check that graph from these figures which are given from week to week?—A. I don't think so.

Q. You don't think we can check it that way?—A. That would be quite simple.

Q. Would it not be more accurate if you gave us the actual figures week by week? Would it not be easier?—A. They would be just the same as what you have. We would just go out and get another copy of that report. That is what the graph is.

Mr. LESAGE: Mr. Dyde, on account of the fact that Mr. McLean says that the market price for steers is not always in accord with the wholesale price—because we are talking about the wholesale price and only on red brand on page 60—is there any place where we could find figures which are the same as those we have got before us on page 60, on red brand beef; is there any place where we could find comparable figures for the blue brand and for the commercial brand? Are they in the record at the present time?

Mr. DYDE: No.

Mr. LESAGE: Could we get them?

The WITNESS: Oh, yes.

By Mr. Dyde:

Q. Let us clear up the point as to whether we can or cannot get the figures for the prices paid to the farmer. You say that would be exactly as we have them on exhibit 96?—A. That is right.

Q. Then, of course, if we were dealing with red brand beef that would be the same as we have it on page 60. Then, could you give us in addition to those prices the prices at which you are selling your blue brand and your commercial brand?—A. Yes.

Q. And I think, Mr. McLean— —A. We can give you any figures at all that you are interested in. We will try to get them as quickly as possible. We brought down a great deal more than you asked us for.

Q. Yes, I know. I think I am going to ask that these figures be sent to us, or got for us; because it seems to me that it is important that we should have them; namely, the figures of the wholesale selling price of blue brand beef f.o.b. Toronto, and the commercial brand beef f.o.b. Toronto for the same period that you have already given them on page 60, of your material.

Mr. LESAGE: And may I add to that, Mr. Dyde; could we have the quantities of each as sold by Canada Packers?

Mr. DYDE: I will ask about that.

Mr. LESAGE: I think quantity has something to do there.

By Mr. Dyde:

Q. Mr. Lesage has suggested to me that perhaps you would be able at the same time to state the quantity of the different brands that were sold as well as the prices.—A. We can give you any information you wish.

Q. I want to remind you of one thing, Mr. McLean; that I asked you this morning about by-products and you found that you could not give me the figures— —A. Not at all.

Q. That it was not possible to get it.—A. Not at all. See here, Mr. Dyde, I think you have misunderstood—remember, I recognize that it is hardly likely that you who practice law would be as familiar with the practice of the packing industry as I who have been in it for 48 years.

Q. That is quite correct.?—A. You asked me if it would be possible to separate the various contents, all the elements that go into by-products, and I said, "No".

Q. No, Mr. McLean, my question was much more direct than that. I wanted to know out of the total by-products how much was applicable to the different main types of meat and you said you could not do that.—A. That is exactly what I thought I had said to you. I used the illustration of tallow. We do not render tallow out of cattle in one kettle and tallow out of hogs in another kettle and tallow out of sheep in another kettle and out of veal in another kettle. They all go into the one pot.

The CHAIRMAN: The one kettle.

Mr. DYDE: Being a lawyer I would not have raised that question had I not seen in another document, which is going to come before the committee, that that breakdown had been made. I do not mean by your company, but I understand that others can do it. That was what prompted me to ask the question.

Mr. LESAGE: Even if you are a lawyer.

Mr. DYDE: Even being a lawyer.

The WITNESS: I am amazed at what you say. I think you will probably discover that you have partially misunderstood what the document is.

Mr. DYDE: That may be.

The WITNESS: I am not suggesting a packer is a superior person to a lawyer, but I am suggesting that a packer ought to know something more about the technique and details of the packing business.

Mr. DYDE: I think he should, too.

Mr. IRVINE: He packs a good wallop, anyhow.

The WITNESS: I did not hear that.

Mr. IRVINE: It does not matter.

The WITNESS: I am sorry I missed it.

Mr. LESAGE: There is certainly more money in the packing industry than the law business.

The CHAIRMAN: Did you have a question, Mr. Maybank?

Mr. MAYBANK: No.

By Mr. Dyde:

Q. Mr. McLean, I want to move to another month. I should like to refer to January, 1948.

Mr. IRVINE: Do I understand, Mr. Dyde, that we are to get those figures? That is understood?

Mr. DYDE: Yes. These gentlemen have agreed to get them for us.

Mr. CHILD: Wholesale selling prices of blue and commercial, and the quantities.

The CHAIRMAN: Right.

Mr. LESAGE: And the quantities for red brand.

Mr. FLEMING: You have got red brand.

Mr. LESAGE: Not the quantities.

Mr. FLEMING: Oh, quantities.

The CHAIRMAN: This graph has disturbed me. I spoke to Mr. Child in the hope of getting an explanation. Mr. McLean said this graph was in your annual statement for the last 20 years. I am shown on page 23 of the annual report for 1947 a graph which is said to be this one. I do not understand that it is. Mr. Child, perhaps you can help me and help the committee. I want to make sure of that point.

Mr. MAYBANK: Is it on the last page, the one you are looking at?

The CHAIRMAN: Page 23.

Mr. CHILD: What is your question?

The CHAIRMAN: I want to understand Mr. McLean's statement that the graph prepared by your company which follows page 31 of your compiled figures is the same as the graph which appears on page 23 of your annual report for 1947.

Mr. CHILD: As far as I know. I myself gave instructions to have it made up from this.

The CHAIRMAN: Obviously the one that is in the compiled statement has much more information.

The WITNESS: Mr. Martin, I see now. This graph, . . .

By the Chairman:

Q. You are now referring to the graph in your annual report?—A. Yes. This graph depicts the changes in less periods than this one.

Q. The one in the annual report is from 1931 to 1947 and the one in the compiled statement is from 1931 to 1948?—A. Yes.

Q. Is that the only difference?

Mr. CHILD: Yes. Why not take some points? Take for example, 1942. Take the peaks. 1942 goes up to 12½ cents on the one in the brief. The same thing is true of the one in the annual report. The following year the peak is just a little higher in both cases.

The CHAIRMAN: Take 1942. Take the graph in the annual report for 1942. The peak is about the same, 12½, but when it drops down it is quite acute in the compiled statement and not in the annual report.

Mr. CHILD: The draftsmen have washed out that flurry at the bottom of 1942.

Mr. LESAGE: In October or November?

Mr. CHILD: Yes. I can assure you though this one has been done by our draftsmen from this one.

The WITNESS: I see your difficulty, Mr. Martin. The graph there for one thing is compressed.

By the Chairman:

Q. When you say "there" you mean in the annual report?—A. In the annual report. The variations look more acute. I think that in setting up this graph they have probably taken the average for say each quarter of the year, and probably the average in this is for every two months, and so on.

Q. The graph in the annual report only refers to cattle, good steers?—A. Yes.

Q. All right, what about hogs, live grade? It does not appear at all.

Mr. CHILD: That is on the next page.

The CHAIRMAN: That is right.

Mr. LESAGE: Mr. Child, you will have to agree that on page 31 the price

which is shown for January, 1943, is not accurate when compared with the one in your annual report. It was 11·3 and on the other one it would be 11·7 or 11·8.

Mr. CHILD: It is about the same for graphing purposes.

Mr. LESAGE: There is half a cent difference, so we cannot have any exact figures from graphs.

Mr. CHILD: Graphs are only meant to show the trend.

Mr. FLEMING: That is the point I am trying to get at. Are we not wasting time worrying about graphs The graph only shows the general trend. What we are after is specific figures. The graph is too general for our purposes here. I think we had better discard the graph and not waste time on it. We are going to get the figures. I think we had better forget about the graph and get the figures.

The CHAIRMAN: It is necessary to have it in our minds. We will have to rely on the figures and not on the graph.

Mr. FLEMING: The graph only gives you trends.

The CHAIRMAN: The graph is offered in the place of the figures at the moment, and the figures are going to be supplied.

By Mr. Dyde:

Q. Now may we go to January, 1948. I am going to refer to both pages 60 and 61. I should like to point out first that in the week of the 7th of January on page 60 your wholesale price for red brand increased to $28.50, and I should like to point out so that there will be no misunderstanding between you and me, that at the same time the price to the farmer went up.—A. Are you speaking of cattle?

Q. Of cattle, yes. During January according to the figures that we have on Exhibit 96, and on page 60, your wholesale price was going up during the first few weeks, and at the same time the price you were paying to the producer was also going up?—A. Yes.

Q. I wanted to point that out because I felt that someone had raised that point with regard to January. Then I should also like you to turn now to page 61 where we are dealing with wholesale pork prices. There I see that in the week of December 29 the wholesale price of fresh pork loins was 34½ cents. Is that 34½ cents?—A. Yes.

Q. And that in the week of the 5th of January the price was 43½ cents?—A. Yes.

Q. I think you should explain to the committee why that price rise took place. You will see it is reflected across the page at the same date.—A. That is correct. That was on account of the announcement of the new bacon contract.

Q. Did you receive an announcement from anyone with regard to it—I mean directly—or was it from the newspapers?—A. I do not recall.

Q. Would any of your officers recall that?—A. I am informed both.

Q. At the same time that you received the information as to the increase of the United Kingdom contract were you given by anyone any intimation as to what you should in the future pay the producer for hogs?—A. I do not suppose we were given any intimation. I am not aware that we were but—

Q. Now—I beg your pardon, were you going to say something more?—A. I would not think we were given—from whom would we get the information?

Q. Perhaps I should have put it this way first. The reason I ask that is this committee has heard from the producers that there was what was called an understood price the producers were to get on hogs, and I really would like to know whether you know anything about what was known as the understood price. Was there some direction given to you that you should pay a

certain price to the farmer?—A. If there was I am not aware of it. I do not know what you mean, or what this understood price was, but our provision man might know.

Q. May I help you, because it is something on which we would like to have your view, or what information you have. We also have Exhibit 96, and on the second page of Exhibit 96 I see—and you look at this with me—that at Toronto on December 31 you were paying the producer $23.60 per 100 pounds warm weight, grade B-1 dressed. Then I skip a date again because there is no quotation available, and I find that on January 17 you are paying the producer $28.10?—A. Yes.

Q. That price of $28.10 has been described to us by Mr. Tummon as an understood price. Was it a price which you understood was the price that should be paid to the producers?—A. I really know nothing whatever about this. I can guess what it was.

Q. Let me ask one further question. Would any of your officers know about that?—A. Yes.

Q. Who would know?—A. The head of our provision department, Mr. Murray.

Q. He is here?—A. Yes.

Mr. DYDE: May I ask, Mr. Chairman, that Mr. Murray be sworn.

Hugh M. Murray, General Provision Manager, Canada Packers Limited, called and sworn.

By Mr. Dyde:

Q. Mr. Murray, I think perhaps you might give us your initials.—A. Hugh M.

Q. And your position with Canada Packers?—A. General Provision Manager.

Q. I think you have heard the question which I asked Mr. McLean. It was as to whether he could explain to the committee whether there was an understood price, and how it came about. Do you know anything about that? —A. I think I can explain it. There was no understood price on January 1, the day on which we raised our price, but some time during January—I have not got the date in my mind but it can be looked up—a committee of the packers met a committee of the Ontario Hog Producers, and at that meeting there was a discussion as to what price the packers should pay as a minimum in relation to the new contract. It was quite an informal discussion. I think some of the packers individually assured the Ontario Hog Producers that in their opinion the export price was equivalent to a certain hog market, and that they would not pay less than that. That is what I think Mr. Tummon meant by an understanding. That took place some time in January.

Q. Were you at the meeting?—A. I was at the meeting.

Q. Was the meeting held in Toronto?—A. Yes, sir.

Q. And the price that Mr. Tummon said to us was the understood price was $28.50 at Toronto, and he was referring to grade A?—A. That is right, sir

Q. Am I right, because he also told us this, that ordinarily normally grade B-1 hogs sell for 40 cents less?—A. Yes.

Q. So that this $28.10 is the equivalent to $28.50 for grade A?—A. That is correct.

Q. And is the price which was arrived at at the informal meeting you speak of as being a minimum?—A. I think so. I am not sure I get the question. You say the price that was arrived at. I should like to make clear that there was no decision between the Ontario hog producers and the packers on a definite price.

Q. I was not really suggesting that. I was trying to trap you there. I was really just trying to find out how it came about that Mr. Tummon seems to be quite satisfied that $28.50 was the minimum price, and you are telling me it is as a result of the informal meeting?—A. I would think it would be.

Q. Well, you know, do you not?—A. I do not know what Mr. Tummon's reasons would be.

Q. Was Mr. Tummon at that meeting?—A. He was.

Q. And I suppose would take active part in the discussion?—A. That is right.

O. And did he express himself as being satisfied with a minimum of $28.50, or do you recall?—A. I do not think I could recall what an individual said.

Q. But you gathered the impression that the hog producers were satisfied with a minimum of some price?—A. On the whole, yes. There were members of the negotiating committee who would have liked to have had a higher price, but on the whole they were satisfied.

Q. So that explains to the committee how it is that the change in price took place on our Exhibit 96. That is from $23.60 in December to $28.10 in January.—A. Well, this meeting was not the reason for the change in price. The change took place on January 2, the first day we killed after the announcement of the new export price, and that was a change which we decided ourselves and put into effect ourselves immediately.

Q. That is a point that I should like to be sure on. The price went into effect on January 2?—A. Rather I should say I do not believe we killed on January 2. It went into effect on the first kill after January 1.

Q. I want to be sure about that because again I do not want to trap you. I will tell you that my information is that the increased price became effective on January 5.—A. That is right.

Q. The increased United Kingdom price?—A. That is right.

Q. Would your price to the producer come into effect previous to that date?—A. Yes, we put it into effect immediately the announcement was made.

Q. Did you put your own wholesale price into effect immediately the announcement was made?—A. No, sir.

Q. When did that go into effect?—A. They went into effect with orders that were booked on and after January 5, orders that were booked on or after that date. Orders that had been booked prior to that date were filled at the old prices irrespective of when they were shipped.

Mr. Dyde: Gentlemen, I am not going to ask Mr. Murray any more questions, and was going to suggest that he stand down unless you wish to question him further.

By Mr. Johnston:

Q. I have one question. Is it the general practice in setting prices to have a meeting of the packers and the producers? Wherever there is a substantial rise, or whenever there is a rise, is that the usual result of a meeting between the producers and the packers?—A. I think the answer to that is definitely no.

Q. How do you determine what the price shall be when you are changing prices, on your own or in consultation with the producers?—A. On our own. The producers feel free to discuss these prices afterwards if they wish, and they frequently do at meetings of the negotiating committee which take place from time to time. No agreement or definite conclusion has ever been reached at those meetings.

Mr. Lesage: The market is always there and it fluctuates.

The Witness: If the committee wishes, I could give them our daily dressed costs about that time.

By Mr. Thatcher:

Q. Do I understand you to say that Canada Packers and Swifts never talk over prices?—A. I did not make any statement about that. I said we put these costs into effect of our own volition.

Q. But you had discussed it with Swifts?—A. No, I had not.

Q. They were at the meeting?—A. At this meeting I was talking about?

Q. Yes.—A. That would take place about the 15th or 20th of January.

Q. They were at the meeting?—A. No, as a matter of fact, Swifts were not at the meeting.

The CHAIRMAN: The evidence of Mr. Tummon was that you had led the way.

Mr. THATCHER: I am not just clear—

The CHAIRMAN: I want to get this point in the evidence and I will ask Mr. Dyde if my recollection is correct.

Mr. DYDE: I cannot recall exactly.

The CHAIRMAN: I think that is what Mr. Tummon said.

Mr. THATCHER: Following Mr. Johnston's question, do I understand that Mr. Johnston is asking whether the packers get together—

Mr. JOHNSTON: No, I was coming to that, but my question was whether it was customary, when a change in price was being made, for the packers to consult with the producers in such a manner as was indicated by this meeting in Toronto? I think the answer was "no", that Canada Packers set their prices and afterwards there were certain meetings with the producers to discuss the results I was about to ask whether there would be any change in Canada Packers prices as a result of the consultations?

The WITNESS: I am afraid I just do not quite get that.

Mr. JOHNSTON: The question is a little longer because I was endeavouring to explain to Mr. Thatcher how it came about.

Mr. LESAGE: Do not explain again.

By Mr. Johnston:

Q. When Canada Packers set a price there are sometimes meetings with the producers to discuss the set price?—A. No, sir.

Q. I understood you to say that?—A. No, there was a negotiating committee set up under the Ontario Statutes to deal with matters affecting the hog industry. There are five elected members representing the packers, and five members representing the Ontario Hog producers. They discuss various matters in connection with the industry. Quite naturally the price of hogs is one of the matters discussed.

Q. Is there any change in your price as the result of those conversations?—A. It is pretty hard to say that. I think all changes in price are as the result of consultations, but the general answer would be no.

Q. There was no change in the result?—A. Not at that particular date. The change was a result of negotiations between the hog producers and the industry. The hog producers were inclined to think the price paid by ourselves was unfair.

Q. The change in price was not the result of discussions between Canada Packers and Swifts?—A. No, to my knowledge there have never been any discussions between the two companies.

Q. Was Swifts one of the five companies represented?—A. No.

Q. Is there any meeting with the packing companies when a price is about to take place?—A. No.

Q. You do that solely on your own at all times?—A. I think it is clearly understood among all packers when the meat board advances the price they expect that a corresponding advance will be made in hog prices, and it is made automatically.

Q. You say there is always a corresponding change?—A. It is reasonable to assume the advance made by all the packers in the case of hogs is the same.

Mr. IRVINE: Is there any difference between the price paid by your firm and the price paid by other packers in this regard?

The WITNESS: Invariably.

By Mr. Thatcher:

Q. Are you saying, Mr. Murray, that as provision manager for Canada Packers you would never consult about prices with the corresponding official of Swifts?—A. If you are asking whether I have discussed the hog situation, I have; if you are asking whether I would settle the price with them, the answer is no.

Q. Who instructs your buyers then as to the price they pay?—A. I do.

Q. You instruct them alone?—A. I instruct them alone.

Q. And you say they would never discuss the price with Swifts?—A. They might discuss the hog situation—I would be very surprised if they did not—but they take their instructions from me.

Q. The two companies always bid in competition with each other?—A. Yes.

Q. Is the situation different from what is was back in 1934?—A. I would not think so. As long as I have been in the department that has been the situation.

Mr. DYDE: I am just going to ask one further question to bring out a point while Mr. Murray is here. In Exhibit No. 99 it is indicated that the U.K. contract price on Wiltshire sides was raised from $27, where it was in 1947, to $36 effective the 15th of January 1948. I think it would be fair to say, would it not, that was a very substantial increase in price? I was going to put it more strongly—it was an extraordinary increase to take place all at once.

Mr. MCCUBBIN: It was not all at once.

Mr. LESAGE: No.

Mr. MCCUBBIN: It was $2 and then $7.

Mr. LESAGE: $2 in 1947 and $7 in 1948.

By Mr. Dyde:

Q. Yes, it goes from $29 to $36, but even that is a very substantial increase to occur all at once?—A. Yes.

Q. And it would mean you would have to examine your position with regard to prices right away?—A. That is right.

Mr. LESAGE: Do you intend to leave page 61 now?

Mr. DYDE: I intend to leave it, except for general questions. I do not propose to ask further questions of Mr. Murray, but if you wish to do so you may proceed.

By Mr. Lesage:

Q. I note that the increase in the British contract was 7 cents per pound? —A. On the British contract?

Q. Yes—7 cents per pound, and I notice on page 61 of your exhibit that the increase for the various cuts were well over 7 cents a pound?—A. You are referring to page—

Q. Page 61, with respect to the domestic market?—A. Yes.

Q. How do you explain that?—A. It is a somewhat involved explanation but the principle is quite simple. We purchase a 150 pound hog.

Q. Yes?—A. For that hog we pay an increase of $5.50 per hundred.

Q. $5.60?—A. $5.40 to be exact. We pay that on 150 pounds.

Q. Yes?—A. But we do not sell 150 pounds. In the process of manufacture, depending upon how far the process goes, we sell 100, 90, 85, or 72 pounds of the product. The variation depends upon whether we sell the product fresh or reduce it to its final processed form. The prices you are quoting are on those items which have been further processed, and the net increase in price is calculated exactly according to the equivalent increase we paid for a 150 pound hog.

Q. I am referring to the brief of Mr. Tummon. On page 7 he said a 200 pound live weight hog will give approximately 150 pounds of warm dressed carcass and the weight which will be obtained from that carcass will not be more than 120 pounds.—A. That is 120 pounds of Wiltshire side?

Q. Of Wiltshire side, yes?—A. Correct.

Q. On the 120 pounds the increase of 7 cents is $8.40 and the increase to the producer for the 150 pounds of carcass is $5.60. 120 pounds of Wiltshire side will give 85 to 90 pounds of meat which you can sell?—A. If you take fully sliced bacon, or boneless hams which have been reduced to their minimum weight, it would go down close to 70 pounds of saleable product.

Q. Where does the rest of the Wiltshire side go?—A. If you take 100 pounds of fat—let us say back fat—and put it in a lard tank, you receive from the lard tank 65 pounds of fat. 35 pounds has disappeared in the process of manufacture. It either goes out as water or as tankage.

Q. Did the price of this fat increase after January 1?—A. No.

Q. It did not?—A. No, and that is another point I should make. Quite a few products which we get from hogs were not increased. There was no increase on bones, no increase on fat, and there were practically no increases on what we call offal—livers, and kidneys. The net result was a decrease in the return, so the entire increase in the price had to be carried by the number of pounds of products actually saleable.

Q. The Wiltshire you export is 120 pounds but there still is a loss on it? —A. The Wiltshire side we export is 120 pounds, and we are paid for 120 pounds.

Q. Yes, that is what I say. It is 120 pounds and you are paid for 120 pounds and there is more meat there, but part of it does not go as meat?—A. It does if we sell it for export. If we take the Wiltshire side, which represent a whole side of a hog with just the feet and the head removed together with certain bones, and produce from that the kind of cuts domestically sold in Canada we have remaining only the skin and bones, but we have gradually reduced the total weight of saleable product.

Mr. Pinard: To what extent?

The Witness: That depends on what we do with the animal. If we make fresh pork cuts it will represent—just taking approximate figures—100 pounds of fresh pork cuts. If we take those fresh pork cuts, cure them and smoke them, it reduces the side 14 per cent. If you put 114 pounds in for smoking and curing you get back 100 pounds.

By Mr. Lesage:

Q. It is quite difficult to understand. I am looking at the figures on Wiltshire side and that is the whole side of a hog?—A. That is correct.

Q. What we have here—the four headings on page 61—comprise the only things you get out of Wiltshire side which can be sold as meat?—A. No, there are a great many other things. Those are just four items picked by Mr. Dyde to indicate the price.

Mr. Dyde: I picked the four items as being sample wholesale costs.

By Mr. Lesage:

Q. Yes, but it would be more complete if we had the picture with more information as to what became of the whole Wiltshire, and what you get for it in dollars and cents?—A. I can give you some figures that might serve the purpose.

Q. What the consumers do not understand, and what is troubling them is that following the rise of 7 cents for Wiltshire side under the U.K, contracts, the price for bacon has increased 12 cents. I do not say that increase is not justified but it is troubling the consumer and the least we can do is explain to him why it is 12 cents and not 7 cents.—A. I can give you some figures which, without going into too great detail because we manufacture a large number of products—would give some idea of what happens to 150 pound hog.

Q. What happens to the 120 pound Wiltshire? I understand how you reduced the hog from 150 pounds to 120 pounds, Mr. Tummon explained that?—A. We do not make Wiltshire from domestic cuts and we have to go back to the hog again.

Q. Yes?—A. You will understand each hog is a unit in itself and the results are not always the same. From this 150 pound hog we obtain 20 pounds of lard, 10 pounds of bones, 1½ pounds of offal, 26½ pounds of what we call sundries—spare-ribs, tenderloin, neck bones, back bones, and odds and ends. 24 pounds disappear altogether as shrinkage.

Mr. WINTERS: How much shrinkage?

The WITNESS: 24 pounds. In this example which I am giving, based on a test I had worked out, we are presuming the product was carried to the stage where most manufacturing was applied and therefore the smallest weight was actually sold. The shrinkage in that case is 24 pounds, and the weight of the fully processed main cuts would be 67·5 pounds. If you cut it into fresh pork cuts only, such as pork loins, the figures would be considerably higher; there would be much more weight and much less shrinkage and much less sundries.

Mr. PINARD: Then you are left with the skin.

By Mr. Lesage:

Q. When you set the wholesale price as shown for January 5 on page 61, did you work out the increase of 7 cents for bacon on the increase of $5.50 that you are paying to the producer? Have you worked it out so that it is distributed on the production in a fair way?—A. That is the operation of my department. That is what we did at that time. We added where we thought we could—actually we added $8.40 on the hog.

Q. On the hog?—A. Yes.

Q. And all the increases shown here, plus the increases on other parts are equal to $8.40?—A. That is correct.

Q. You did not make any more profit than you were taking before?—A. That is correct.

Q. You did not work it out on a percentage basis?—A. No, we did not take any more profit than we were taking before.

Q. You know what I mean? You are making more money and if you took the profit on a percentage basis it would be higher?—A. No, I understand the question, and we did not take any more. We added $8.40 to the sale price of the hog.

Q. That is the purpose of my question.

By Mr. McCubbin:

Q. Since that time, Mr. Murray, have you found out you could pay more to the producer?—A. Yes. As Mr. McLean explained this morning, these are the prices we issued and we tried to get them, but we have never been able to

get these prices, and since we handle a highly perishable product we have sold our product since that date at a lower price than what we were after, as will be indicated by some of these figures you have before you.

Q. But you have raised your price since that time?—A. We lowered that from that time on, and then we raised it again.

Q. I am talking about the price you paid to the producer, you never lowered that?—A. No, we never lowered the price to the producer.

Q. That is what I mean, since the middle of January, \$28.10—and you have gone up 60 or 70 cents. Maybe you have gone up further than that up to the middle of March, during that two-month period; but I see that you did raise your price a matter of some 60 or 70 cents.

Mr. DYDE: You are referring to Exhibit 96, are you not?

Mr. MCCUBBIN: That is right. I am not finding any fault with you. I think it is the proper thing to do.

The WITNESS: You have the figures in front of you, and we had to pay more than \$28.50 for "A" grade hogs for part of that time.

Mr. MCCUBBIN: You are right on that. I see that in the middle of March you were paying \$28.72.

The WITNESS: You will pardon me if I have to refer to this document. It was prepared during the period when I was not in attendance and I haven't got it in my head.

Mr. MCCUBBIN: But they are higher than they were.

The WITNESS: Yes, the figures are definitely higher during the last two or three weeks.

Mr. MCCUBBIN: And is that why you thought you could pay more to the producer?

The WITNESS: It is not because we felt that we could do it; it was competition which forced us to do it. However, in that period prices did not remain stationary, they were fluctuating up and down during that period.

By Mr. Lesage:

Q. Your Maple Leaf sliced bacon, half pounds, is a very well known brand and people buy it. I see that for the week of April 19 your wholesale price was 64½ cents. That is on page 61. If you had sold your Maple Leaf brand sliced bacon on the wholesale market at a price lower than 64½ cents wholesale, would you have lost money?—A. Unless we had been able to get more money from some other item.

Q. No, I do not want to disturb the other items.—A. Other things remaining equal?

Q. Yes.—A. If we had sold bacon below that, we would have lost money.

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ontario, recalled:

The WITNESS: Mr. Lesage, could you say for the benefit of some of my friends sitting around here that Maple Leaf bacon is really a good product? Do you think your friend would support that?

Mr. LESAGE: I do not know. My friend is not here. But I have seen it and it is a very well known brand.

Mr. MAYBANK: I wonder if the witness is starting to ask questions in order to get advertising for his product?

The CHAIRMAN: Are there any other questions? All right, Mr. Dyde.

By Mr. Dyde:

Q. Mr. McLean, there are one or two points I would like you to explain for the committee. The United Kingdom contract price increase, as we have found, was effective on the 5th of January for Wiltshire sides; that is the seaboard price, I think, isn't it?—A. Yes.

Q. That is the price at seaboard. Now, you have at that point, the 5th of January, you have an increase also I think in the price of beef, export beef; and I refer to an exhibit which we have here, which is exhibit 99, and I find there that the old price was $24.25 for red brand and the new price is $27.50 for for red brand. Now, these prices to the United Kingdom are the prices which the United Kingdom government pays for the export beef and pork. Would you explain to the committee whether that meant that there had to be, if it is the case that there had to be—whether the increase of the United Kingdom price meant that the Canadian consumer had to pay more?—A. I don't know that he paid more.

Q. What did it mean?—A. It meant that there was a higher floor and that the price of beef could not go below the new floor.

Q. Yes, that is beef.—A. I think that is all. That answers it.

Q. But on pork it is different, is it not?—A. Oh, yes.

Q. Then refer to pork for a minute. There is an increased price coming into the country for that part of the pork which is exported?—A. Yes.

Q. Why does it mean that the Canadian consumer has to pay more?—A. Because all the hogs are traded at the new price.

Q. And is that continual?—A. Oh, yes.

Q. There is no way—let me put it this way; in free enterprise or a free economy is there any way in which you can obtain an export price without that being reflected in the domestic price?—A. That is a principle which is fundamental in all our agriculture, and that is why these export markets are so important for agriculture. The price of production is determined by the price available in the markets, in world markets.

Q. And there is no way in your opinion that it would be possible for us to accept a high price for the export part, the Wiltshire sides, without that costing the Canadian consumer more for his pork products?—A. No, no. Well, there is this to it. Let us say here we have two farmers both raising hogs for market. Let us call them "A" and "B". Supposing we go to farmer "A" and say, we want some pork for export and we will pay you the export price, which is so many dollars a hundred. Then let us say we go to farmer "B" or farmer "B" comes along and says he has some hogs to sell, and we say to him, all we can offer you is the lower, the domestic price, which let us say is around $27 or $26 a hundred. If you can visualize that kind of a situation you will realize that it is impossible.

Q. And a result of that is when the export price goes up that is reflected in a higher price to the producer for all hogs marketed?—A. Yes.

Q. And that in return is reflected in the higher price which the Canadian consumer must pay?—A. Yes.

Q. And there is no way out of that?—A. Not under present conditions. Where the demand for export stops, and let us assume the demand for the needs of the country drops, that the supply is in excess of the demand,—it might happen if we had a very large quantity or supply of hogs, marketing of hogs; that increased very greatly and our export outlet did not increase but rather diminished that we might have left in Canada some pork products, more pork products than the trade could absorb; and in that case our hogs would go below the export market.

Q. And you recall perhaps, as I do, that in the month of January the price to the Canadian consumer went rapidly upwards and then there was a recession in price at retail?—A. Yes.

Q. Was there a corresponding recession in the wholesale price?—A. Oh, no.

Q. How does it come about that in January at a time when the export market was fixed that you have one price, and then in February when your export market is exactly the same you have another price which is lower?—A. Well, just because there is more available for the market, or there had been a surplus left in Canada and in Canada we just had to take a loss for the products sold in Canada.

Q. And that situation was brought about by what we might call consumer resistance?—A. Yes.

Q. Now, may I take you one step further. Do you regard it as desirable that we should have a condition where the consumer is literally hanging on to the ropes because of high prices and then he exercises what we call consumer resistance and prices come down. Now, is that a desirable situation?—A. I suppose that is a matter of opinion. That situation is one which does not often occur. I suppose everybody has his own views on it.

Q. Yes, it may not often occur but it did occur just once in that period with the result that this committee is sitting here.—A. Yes.

Q. I want your help in explaining, if possible, whether there was any way out of a repetition of this situation?

The CHAIRMAN: Excuse me, gentlemen. There is the call to the House for the vote.

Mr. THATCHER: Mr. Chairman, I wanted to ask for one paper to be tabled, if I might, before we go in for the vote, so that we might have it before us tomorrow.

The CHAIRMAN: Yes.

Mr. THATCHER: There was a letter which went out with Canada Packers bonuses in the last two weeks. I think Mr. McLean knows that one I am talking about, and I would like to have that tabled.

The CHAIRMAN: Yes.

Mr. MAYBANK: It was not a very embarrassing question being asked so you would not have to say the witness was saved by the bell.

The CHAIRMAN: The meeting is adjourned until 11 o'clock tomorrow.

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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 44

FRIDAY, APRIL 23, 1948

WITNESS:

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ont.

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1948

MINUTES OF PROCEEDINGS

FRIDAY, April 23, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Harkness, Johnston, Lesage, Thatcher, Martin, Maybank, Mayhew, Merritt, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. J. S. McLean, President, Mr. A. J. E. Child, Assistant Treasurer, and Mr. Hugh M. Murray, General Provision Manager, Canada Packers Limited, also in attendance, and the examination of Mr. McLean continued.

At 1.15 p.m. witness retired and the Committee adjourned until Monday, April 26, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
April 23, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will come to order, please.

Mr. DYDE: Mr. Chairman, I think at the very close of yesterday's proceedings one of the members of the committee asked for the tabling of a paper. I am not certain that I know what it is.

The CHAIRMAN: Mr. Thatcher did.

Mr. THATCHER: Yes.

Mr. DYDE: I have not seen the paper, but I presume we better deal with that point before we go on.

Mr. THATCHER: Yes, if you would.

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ontario (witness), recalled:

Mr. A. E. Child, Assistant Treasurer and Chief Auditor, Canada Packers Limited, Toronto, Ontario, recalled:

The WITNESS: The paper Mr. Thatcher asked for was the letter that Canada Packers sent out to each of its employees along with a bonus cheque.

Mr. DYDE: You have no objection to producing the letter, have you?

The WITNESS: None at all.

Mr. DYDE: Do you wish to have the letter read, Mr. Thatcher?

Mr. THATCHER: Not necessarily.

Mr. JOHNSTON: I think it should be read into the record. We do not know its contents.

Mr. THATCHER: I was going to read certain parts of it later.

Mr. JOHNSTON: I think it should go into the record.

The CHAIRMAN: Is it a long letter?

Mr. DYDE: No.

The CHAIRMAN: Better read it.

Mr. DYDE: Would you watch me while I read this, Mr. McLean, please? The letter is headed:

CANADA PACKERS LIMITED

TORONTO, CANADA,
31st March, 1948.

This letter is addressed to all employees of Canada Packers. It is to report upon the results of the fiscal year which closes today. The chief factor affecting results has been the removal of ceiling prices on many of the products in which the company deals. These include meats, hides, butter, etc.

In all cases, the removal of ceilings resulted in an immediate advance in price. These advances brought to the company an automatic profit. On butter and hides especially, the profit was large. Otherwise, volume and profit were about on a level with recent years.

While the final result for the year will not be known for some time, the approximate figures already available permit the distribution of bonus at once.

It has been decided to distribute most of the extra profit of the year as bonus to employees.

This has been done for two reasons:

(1) Advancing prices, which yielded the extra profit, were reflected, in turn, in increased cost of living. During the year the cost-of-living index advanced from 130·6 to 150·1.

(2) At some time,—probably not far distant,—the trend of prices will be reversed. A decline will set in, the result of which will be automatic losses, equivalent to the automatic profits of the past year.

If at that time profits are seriously affected, bonuses will be correspondingly reduced. It might happen that for a year no bonus would be paid. The directors are confident that if such a situation should arise, the company would still be served with undiminished loyalty by employees of all groups.

As in previous years, the directors think it wise to state the basis upon which bonus distribution is determined. They recognize that the company's chief asset is the skill and the loyalty of the men and women who spend their working lives in its service.

The company's first duty is to pay employees wages and salaries equivalent to the highest paid by other companies in the industry.

That level of pay having been established, the next duty is to shareholders. When profits have been ascertained, the first claim upon them is a moderate return upon shareholders' investment.

If profits are more than sufficient for such moderate return, the balance should be divided equitably as between shareholders and employees.

In respect of this "division", it is not easy to find a formule, but the following history of the division may enable employees to form their own views.

Canada Packers Limited was formed in 1927, following a long period of adverse conditions in the packing industry.

At the beginning, its working capital was inadequate as compared to the volume of the company's operations.

To build up working capital, no dividends were paid on the common shares for a period of eight years.

The first dividend was paid in April 1935. In the same year the practice of paying bonuses was begun. Since that time, the history of dividends and bonuses has been as follows:

	Dividends	Bonuses
1935	$ 150,000	$ 293,000
1936	600,000	415,000
1937	600,000	512,000
1938	600,000	193,000
1939	600,000	216,000
1940	800,000	590,000
1941	900,000	700,000
1942	800,000	755,000
1943	800,000	792,000
1944	800,000	937,000
1945	900,000	1,060,000
1946	1,000,000	1,200,000
1947	1,000,000	1,250,000
1948	1,000,000	1,500,000
	$10,550,000	$10,413,000

The dividends shown above are on the common shares of the company. Preference dividends are not shown, as the preference shares were called and paid off on January 2, 1936.

It is our belief that no other Canadian company has shared profits with its employees upon an equal scale.

These facts are given in no self-complacent spirit, but as a basis for the statement that the company's interest is also the employee's interest.

In putting your best effort into your job, you are working not only for the company but for yourself.

During the control period of the war, profits came more or less automatically. But this is no longer the case. The success of the company depends upon the skill and the loyalty of its employees. And above all, upon the quality of the products which it turns out.

I appeal to every man and woman for his and her best effort during the coming year, in full confidence that the appeal will be more than met.

Cheque covering your bonus is enclosed. In the upper left corner is shown the deduction for income tax.

Yours cordially,

J. S. McLEAN,
President.

JSC:C
Encl.

By Mr. Dyde:

Q. Mr. McLean, at the close of the proceedings yesterday I had asked you one or two questions and for purposes of the record I have shown you a page of the typed transcript of the evidence of yesterday and before the meeting convened this morning you and I had an opportunity of looking it over; is that correct?—A. That is correct.

Q. Near the close of yesterday's proceedings we were dealing with the situation in January of 1948, and I asked this question, which perhaps may have not been elegantly put; I said:

> Now, may I take you one step further. Do you regard it as desirable that we should have a condition where the consumer is literally hanging on the ropes because of high prices and then he exercises what we call consumer resistance and prices come down. Now, is that a desirable situation?

Your answer at that time was:

> A. I suppose that is a matter of opinion. That situation is one which does not often occur. I suppose everybody has his own views on it.

Now, would you express to the committee your view as to whether that situation is desirable or not?—A. Well, with proper respect, I do not think it is a question that contributes to the problems that this committee is considering and it is something that is not very realistic or a reflection of things that had happened in the food industry. For instance, your phrase of the consumer hanging on the ropes is a highly inaccurate phrase, it seems to me. The purchasing power of the country is higher at the present time, and the evidence is that the public is consuming, so far as the packing industry is concerned, more meat at higher prices than it ever did before. Now, that hanging on the ropes is not an accurate reflection of that situation economically. I fully understood the housewives' protests. These things occur once in a while. I fully understood what brought that about and I judged everybody else did. For twelve months, particularly in the last twelve months since controls, the movement to decontrol began, the cost of living index has advanced rapidly month by month, much more so than at any time during the war; more so than at any previous time in the history of the country except possibly the closing years of the first world war; and week by week the housewife found that her dollar brought less food back into the house than it had the previous week, and the housewife naturally was disturbed. Then on top of this came the 7 cents advance in one of the key foods, the 7 cents advance in the contract price for bacon which led to an advance of 10 to 11 cents in the main bacon cuts, cuts which the housewife chiefly sought; namely, breakfast bacon. And that touched off something—a storm blew up. Now, I can't recall, in my 48 or 47 years that I have spent in this business, I can't recall any similar instance. Now, so, that is why I say that the phrasing of your question and particularly the phrase "hanging on the ropes" does not, in my opinion, accurately reflect what is happening. I am not saying this to challenge anything you may have in mind in pursuing this, but as far as possible to state the situation that happened accurately, so we will have the background accurately in our minds.

Q. Thank you, Mr. McLean. I said when I started that I thought I had done the thing inelegantly, and I think I am correct still in that statement. However, we have it; but I had hoped that I could shorten the questioning by using that same inelegant phrase. However, we have had evidence here that prices to the consumer went up in January of 1948, all over Canada. And we have had evidence also, Mr. McLean, that there was what was known as a consumers' strike in Vancouver; and we have also had—

Mr. Merritt: And a very effective one too.

Mr. Dyde: —and we have also had evidence of consumer resistance not amounting perhaps to a strike; but I was trying to sum up that situation in January in my question without having to go over a large field; and I think you know what I mean when I ask, is that a desirable condition? Is it desirable that we should have a condition in the meat industry or in the business of the housewife buying meat when the consumer has to take such drastic steps as to exercise consumer resistance? Do you think that a situation leading up to that is desirable?

The WITNESS: Well, the situation leading up to that was inevitable.

Mr. DYDE: That still is not answering my question.

The WITNESS: Oh, yes. I understand fully your question. The situation was caused by world conditions that no person or organization or group of organizations or group of housewives could alter. Prices were advanced by world conditions. It happens that the prices in this case on bacon were advanced by certain government action or by a contract. But to ask me whether that is desirable or not it seems to me contributes nothing whatever.

Mr. LESAGE: Oh, well; that is a question the committee will have to decide.

The WITNESS: Pardon?

Mr. LESAGE: That is a question the committee will have to decide if the questions counsel is asking should not be asked; we will decide that. It is not up to the witness to decide, but just to answer. I think it is about time this witness realized that he is here as a witness and that all he has to do is just to answer the questions put to him.

Mr. JOHNSTON: May I suggest to Mr. Lesage that the witness would not be responsible for government policy. What he is stating there is that the rise in price for bacon was the direct action of government policy through the United Kingdom contract.

Mr. LESAGE: On the point of order, Mr. Chairman; what Mr. Johnston is saying now has nothing whatever to do with the questions being put by counsel.

The CHAIRMAN: I take it Mr. McLean will appreciate that the committee has to decide whether or not a particular situation is desirable or otherwise. I do not think Mr. McLean really meant it that way.

The WITNESS: The last thing I wish to do, Mr. Chairman, is to be discourteous to Mr. Dyde or to the committee.

The CHAIRMAN: Yes.

The WITNESS: But I have no idea that anything I had said would justify such a reproof as Mr. Lesage has just given me.

Mr. LESAGE: You said it was not a question you thought should be answered.

The CHAIRMAN: No, he did not think it was a question he should answer; he did not think it was a question he should be called upon to answer.

Mr. JOHNSTON: And he was pointing out that he was not responsible for government policy.

The CHAIRMAN: All right, Mr. Dyde.

Mr. THATCHER: May I ask a question there, Mr. Chairman?

The CHAIRMAN: I think Mr. Dyde is examining now, and we have had five different members speaking.

Mr. THATCHER: But Mr. McLean made one statement I would just like to examine him on; on the question of whether he thought it desirable that a situation of that kind should be permitted to develop; and Mr. McLean I think said, in substance perhaps, that it was inevitable; it would not have been inevitable if the price ceilings had remained on. Could I have an answer to that, Mr. McLean?

The WITNESS: Well, this particular advance in bacon would never have occurred if the price ceilings had remained on. I don't suppose you are asking me for my opinion as to whether that is sound policy or not?

Mr. THATCHER: No, not at all; just that you said that the increase in price was inevitable.

The WITNESS: The price went up because the contract price for bacon went up. It is very simple.

By Mr. Dyde:

Q. Mr. McLean, I would like to make it clear to you, as well as to certain members of the committee, that I am not asking you as to whose responsibility it is. I am simply asking if you think a condition such as we are discussing is desirable?—A. It is not a condition. It is an incident for one thing.

Q. I do not really care what you call it; is it desirable, or not?—A. I find it extremely difficult to answer that question. It is the same question you asked me yesterday and I do not see the significance of it.

Mr. DYDE: I am finished, Mr. Chairman, as far as that is concerned. I have asked the question, which I think is a proper question, and I have tried four times to get an answer.

Mr. LESAGE: And the witness had evaded the answer.

The CHAIRMAN: I think you are wrong there, Mr. Lesage; I do not think the witness is evading.

Mr. LESAGE: I think he is.

The CHAIRMAN: I want to be fair to this witness. I do not think he is evading it. He has been asked if that is a desirable situation. The question is undoubtedly a proper question. He simply says in effect he does not see how he can answer it. We are to accept that answer and we have to make our own appraisal of it.

Mr. THATCHER: Desirable to whom, Mr. Dyde?

Mr. DYDE: I would be glad to make it desirable to anybody—to the meat industry, to the consumer, to the Canadian public, to Canadian economy—is it desirable from any possible aspect.

Mr. MAYBANK: I am really surprised the witness has not answered it long ago. It seems to me that the question is virtually a leading question suggesting its own answer, and the answer is, no. Nobody likes that condition. It is not desirable.

Mr. THATCHER: Possibly the packers don't agree with that.

Mr. MAYBANK: I am surprised the witness has not said it is not desirable. But I don't know, I do not know whether he is seeing this from the viewpoint of the English parliamentarian of whom it is said he would not admit that two and two make four until he knew what use was going to be made of the answer.

The WITNESS: The implication is that I don't want to answer. I do not know what the answer is.

Mr. MAYBANK: One would suppose the obvious answer would be one in the negative.

The WITNESS: I think there are many people who would say that that was an extremely useful question.

Mr. MAYBANK: Well, what does that mean?

Mr. FLEMING: Might say that that was "useful": who is that?

The WITNESS: The housewives. That is what Mr. Dyde was asking me about.

Mr. FLEMING: Oh, no.

Mr. MAYBANK: No, he meant the whole picture. Is that desirable, to have a policy where prices go up and they won't come down unless women go on strike and then when they go on strike prices come down and it starts all over again, whip-sawing back and forth of prices and general exasperation in the community and that sort of thing. What about that condition?

Mr. MERRITT: Mr. Chairman, I would like to make an observation here coming from Vancouver. I am not aware that there was a strike of housewives in Vancouver. I do not think there was any organization at all among the

housewives of Vancouver. They just decided independently and as individuals that bacon had gone up too high and just quit buying. I know I did it in my own family. I did not consult anyone else. I do not think it was a strike. Really, what is was was buyers' resistance; and I think there is an important distinction between a strike and buyers' resistance.

Mr. DYDE: I would like to say in explanation of my remarks that I should have said, if I did not say it, that it was what was called a consumer's strike. I should have said that. One of the witnesses said that is what it seemed to be.

Mr. MERRITT: I am very much in favour of buyers' resistance. I want to bring that out.

The WITNESS: Of course, I think that happens. That makes a contribution to it. That is the way our economic system operates. When prices get too high people stop buying. Now, in so far as it is an exemplification of that, it is not only desirable, it is inevitable. When housewives make up their minds they can't afford to buy any food at the current price they stop buying.

Mr. FLEMING: Has Mr. McLean finished his answer?

The CHAIRMAN: Yes. You have finished your answer, Mr. McLean?

The WITNESS: Go ahead.

By Mr. Mayhew:

Q. As I understood the buyers' strike at the coast, it was not against meat generally but principally against bacon and the high priced cuts of beef?—A. That is right.

Q. Would you tell me, did you put the whole cost, I mean the whole of the extra cost of the hog into bacon, leaving the head, the hocks, the shoulders and so on at the same level of price as they were before?—A. Oh yes. That is what happened because there was no other pork under control. These other things were not affected by that bacon order. The values continued just the same, so the extra cost of the hog went on the higher priced cuts.

Q. And then people just switched from buying bacon and the extra high priced cuts of beef to the cheaper grades of meat. Is that what happened?—A. Yes.

Q. Where did you get the extra quantities of the cheaper grades of meat to supply the domestic market; was that because you were sending your bacon away and leaving a larger volume of extra cuts available?—A. I do not understand that.

Q. If you were only sending your bacons and hams to England you would have left the heads, the shoulders and the hocks for the local market, wouldn't you?—A. Yes, but the product that went to England was not the cuts of bacon we use at home. It was the Wiltshire sides.

Q. I know that.—A. You spoke about bacon and hams. Then you are leaving no room for some of the things that we do not sell with Wiltshire side. You see, we do not sell the Wiltshire side in Canada for the domestic trade. We sell these special cuts.

Q. Well then the inferior grade of bacon also took quite a jump in price?—A. What happened was the price went up $5.50, and as I recall it certain products amounting to about 20 per cent of the hogs were not affected at all. They did not go up. Lard, which is just a secondary product was under control and is still controlled. The other minor products were not affected. Their value was not advanceable by reason of the fact that the price of hogs advanced, so that the extra price had to go on to cuts of bacon and hams and shoulders and so on.

Mr. LESAGE: That would include cottage rolls, boned shoulders, hams and so on.

The WITNESS: The prices remained the same on most of them.

Mr. LESAGE: Yes, I know, and although they did not go up at all—they remained at the same price and it was just the fancy cuts that went up, but there was no advance in your margin of profit?

The WITNESS: There was no advance in the packers margin of profit, no.

The CHAIRMAN: All right.

By Mr. Dyde:

Q. Mr. McLean, you used the phrase a minute ago that something was not only desirable but inevitable. Were you referring then only to consumer resistance or buyer resistance, or did the phrase you used in your answer apply to the industry itself.—A. Consumer resistance?

Q. No, I am asking whether you are going to give me an answer?—A. Consumer resistance is present always and is the whole genius of what we call the competitive system. At critical times which occur periodically over the years, the same condition or the same combination of conditions makes consumer resistance active and vocal. Now you are asking me whether that is desirable. I do not know how to answer the question.

Q. That was not my question. You used the phrase that a certain circumstance was "not only desirable but inevitable", and I am trying to get from you what it is that was "not only desirable but inevitable"?—A. I think I used the word "inevitable" in connection with the advance in the level of prices brought about by world conditions.

Q. And was the word "desirable" attached to the same thing?—A. "Desirable" was not my word at all. "Desirable" was your word, and I do not know how to answer you.

Q. I will have to ask the reporter to go back to the place where I think Mr. McLean used the phrase that something was "not only desirable, but inevitable".—A. I recall now, that was in connection with Mr. Merritt's remarks. He spoke of what happened in Vancouver, and I said what happened there was not only desirable but inevitable.

Q. I asked you exactly to what you are referring, the buyer resistance, or the general condition?—A. The buyer resistance.

Q. Now then would you go one step further and reverting to the original question which started this controversy, was the general condition which existed in January 1948—where we had retail prices going up, the consumer paying more, and then exercising consumer resistance—was that general situation in your view desirable?—A. I do not know why you are asking me that question and I do not think it is a useful question.

Mr. LESAGE: May I ask the chairman to draw the attention of the witness to the fact that—

By the Chairman:

Q. I think the question is a proper one, Mr. McLean. I said earlier that if your reply was that you did not know, or that you did not think you could answer, the reply would be accepted and the committee would have to judge as to the adequacy of the reply. I think the question is a proper one.—A. Then you think the answer I have given is a proper one—that I do not know how to reply.

Q. I do not say it is valid or invalid; that decision is for the committee, but if you say you cannot reply we will accept the answer.—A. Mr. Lesage's comments seem to indicate that I am trying to evade the question and actually nothing is further from my wishes. Canada Packers have given to Mr. Dyde not only all the information which he asked for but a great deal more, and I have been doing my best to be of assistance in these discussions. I do not like comments, the implication of which are that I am trying to evade something.

Mr. DYDE: Well have you no view on the question?

Mr. MAYHEW: The committee does not like the witness to say that he does not think the question is a useful question. It is hardly for the witness to say that. The witness may say he cannot answer.

The WITNESS: If it will help I will say it is desirable, and, if it will help you more, I will say that is is not desirable. I do not know how to answer.

By Mr. Dyde:

Q. You have no view?—A. I would rather let it stand as I have expressed it.

Q. I have no further questions of this witness.

Mr. THATCHER: I have quite a few questions.

Mr. LESAGE: How many—200?

Mr. THATCHER: Oh, no.

The CHAIRMAN: Mr. Thatcher, you asked me to recognize you and I recognize you. I will recognize Mr. Lesage when you are finished because he has asked for that recognition.

By Mr. Thatcher:

Q. All right. I wonder, Mr. McLean, if we could refer first to page 44? We went over this matter yesterday but I would briefly like to make the point again. You show inventory reserves—the 1948 figures—as being $626,000. Yesterday I think you stated that amount was not allowed as a deduction for income tax purposes?—A. No.

Q. So far as your last fiscal year is concerned, without anticipating losses, you will agree that $626,000 was actually a profit in the period?—A. It could have been—

Q. It was a profit?—A. It could have been put in the report as a profit. We have not treated it as a profit but we have set it aside to meet what we consider will be inevitable losses later.

Q. Yes, but since 1940, according to your report on page 44, you have set up $4,626,000 as an inventory reserve. I think you stated yesterday that none of this has been allowed by the government for income tax purposes?—A. That is correct.

Q. For the company?—A. In regard to this preceding item of $4,000,000, the company has paid the normal corporation tax under the terms of the act, but it has not paid the excess profits tax.

Q. Yes?—A. If we are required to meet deflation losses there will be no further tax. However, should the sum not be required for that purpose, and should it be written into the general assets of the company, then the company will have to pay income tax on the appropriate years.

Q. Would it not be fair to say then that the actual value of your inventory today as shown on the balance sheet—I have not got the last one—but your actual inventory is $4,626,000 greater than you show on the asset side of the balance sheet.—A. It is true, as far as the $4,000,000 is concerned—but the balance sheet has not been published for 1947 and I am not sure how the $626,000 will be set up.

Q. If we look at page 18 of the statement the figures there would, I suppose, be correct?—A. Yes.

Q. Perhaps you would look at the depreciation account for a moment? Have you got those figures there?—A. Of what are you speaking?

Q. You stated yesterday your company had charged approximately $900,000 for depreciation in the last year?—A. Yes.

Q. And you were going to try to get the figures today as to how much was to be allowed by the government?—A. I can give you the figure with respect to the amount disallowed? The disallowed portion was $5,779,485.

Q. That is altogether? How much was there out of the $900,000 set aside last year which was disallowed?—A. $390,000.

Q. In other words during 1948 the government would say you had over-depreciated your assets by $390,000?—A. The government would not say that at all.

Q. They did not allow it to you?—A. No, but this is a very common practice. The government allows depreciation on a standard pattern. Buildings are allowed at the rate of 2½ per cent and machinery is allowed at another rate—I just forget the exact words you used—

Mr. MAYBANK: He said the government would say you had over-depreciated your assets?

The WITNESS: Oh yes.

By Mr. Thatcher:

Q. By $300,000 odd?—A. Neither the government nor anyone else would say we had over-depreciated.

Q. Let me put it this way—they would not allow you to deduct the $390,000 for income tax purposes?—A. The government allows us our depreciation for income tax purposes according to a fixed pattern.

Q. To the value of $570,000 and not $900,000?—A. That is right.

Q. Now on page 2 of your brief you show that the capital structure of your company at its inception—if I understand this correctly—was $22,704,000?—A. That was the total of the bonds, preference stock and common shares.

Mr. MAYBANK: Just a moment. Is there not a difference between the way Mr. McLean is answering and the words used by Mr. Thatcher? I would like to have it clear. Mr. Thatcher used a certain expression and the witness used a certain other expression. Do they equate?

The CHAIRMAN: Mr. Thatcher used the words "capital structure".

By Mr. Maybank:

Q. Yes, but I wish to understand the question and the answer. I do not know whether Mr. McLean's answer is in conformity, or whether there is some variation by reason of the use of different terms. Is there a difference, Mr. McLean, between the way you put it and the way Mr. Thatcher put it?—A. I am glad you raise that point. Capital structure is a rather indefinite term, but the obligations on the liability side of the balance sheet were bonds $8,512,000; preference shares $6,636,700; common shares $1,413,738; appraisal surplus $6,142,108; the total amount being $22,704,000.

Q. That is what you understand by the expression "capital structure"?—A. Yes.

Q. And if Mr. Thatcher is using the expression that way everything is all right.

Mr. LESAGE: Mr. Maybank, those are the words used in the company's brief.

Mr. MAYBANK: I know, but I just want to make sure that there is not some change in the meaning.

The CHAIRMAN: I do not know whether it is an important point but it says here "the capital structure of the company at its inception consisted of—".

Mr. MAYBANK: Yes.

The CHAIRMAN: That expression could very well mean that the capital structure of the company generally may consist of more, but in this instance all it consists of is bonds, preference shares, common shares, and appraisal surplus.

By Mr. Thatcher:

Q. $22,704,000 is the figure shown. Yesterday I asked you, Mr. McLean, for the figure which was involved in the original transaction when Canada Packers was set up, and I understood you to say the figure was $22,704,000. Am I correct?—A. This thing is quite clear but your question is rather obscure. I think it would be better to let it stand just as it is shown in the statement.

Q. No, I do not think so, Mr. McLean. I think it has quite a bearing?—A. Please tell me what you have in mind and I may be able to answer you more fully.

Mr. LESAGE: Mr. Chairman, may I ask you to remind the witness that what the membr is asking is a question; what the member has in his mind is not the business of the witness. The witness does not have to know what Mr. Thatcher has in his mind. The witness is only answering the questions put to him, and I have been speaking about this matter since yesterday.

The WITNESS: Mr. Lesage—

Mr. LESAGE: I was talking to the chairman and I do not need comments from the witness.

The WITNESS: I will address the chairman. This is the third lecture which Mr. Lesage has given me on deportment.

The CHAIRMAN: May I suggest, Mr. McLean, that Mr. Thatcher is now examining you; what he has in his mind is obviously within his own sphere, and I think it would be best if Mr. Thatcher would put the questions and if you, Mr. McLean, would answer as best you can.

Mr. FLEMING: There should be this reservation, Mr. Chairman, and the reservation always exists for any witness who does not understand the question—

The CHAIRMAN: I have already made that clear.

Mr. FLEMING: The witness may ask to have the question put in such a way that he will understand.

Mr. THATCHER: Perhaps the difficulty is because I do not understand these figures. I cannot reconcile the $22,704,000 which you stated yesterday was the figure set up as the capital structure of the company, with the figure which appears on page 2287 of the Steven's report. In that report it states that the consideration given for the business, as I understand it, was $11,329,711.

Mr. FLEMING: What did that consist of?

By Mr. Thatcher:

Q. Cash, bonds, and certain common shares. Now I cannot reconcile that figure with the figure you show on page 2 of your balance sheet—A. I understand. I am sorry, you mentioned this matter yesterday and I intended to look for the answer but I forgot. I am sure there is a simple explanation. The statements in that Steven's report which have to do with the balance sheets of the company are all accurate statements because they were prepared by competent accountants. Nearly all the other statements regarding the packing industry, contained in that report, are inaccurate and misrepresentative. It was a weighted and prejudiced report from the beginning.

Q. May I quote just a couple of lines from the inquiry?

Mr. FLEMING: Are you reading from the evidence given or the report of the committee?

By Mr. Thatcher:

Q. I am reading from the evidence given either by the company or the government auditor. Is Mr. Shepherd your accountant, or was he employed by the government?—A. He was the accountant employed by the government.

Q. His statement would probably be reliable?—A. Yes.

By the Chairman:

Q. Were you at these proceedings yourself, Mr. McLean?—A. I was present for some of the meetings.

Q. Were they as monotonous and as trivial as these proceedings?—A. Pardon?

Q. Were they as monotonous and as trivial as these proceedings?

Mr. THATCHER: Could I pursue my point?

Mr. JOHNSTON: That is a terrible reflection, Mr. Chairman—

The CHAIRMAN: I am using the words "monotonous and trivial" with quotation marks around them—to meet another situation.

Mr. FLEMING: It is an inaccurate quotation, Mr. Chairman.

By Mr. Thatcher:

Q. The question asked in this report was "—does that indicate that the total amount paid by Canada Packers for all the shares in these four companies was paid for by the sum of $11,329,711.61—" and the answer was "yes". The next question is "so the Canada Packers therefore considered that the assets they were acquiring were worth $11,329,711.61?" and the answer is "presumably". The next question is "and they paid for those assets that amount of money?—" and the answer is "yes". The next question is "or rather, they paid that amount for these assets?—" and the answer is "for those stocks, and the surpluses in each company".

In other words, Mr. McLean, the value of the assets and liabilities involved in the original purchase of Canada Packers was actually only $11,329,000 odd, is that right?—A. I cannot say from those figures what the explanation is.

Q. I cannot understand it either?—A. There must be some very simple explanation.

Q. That was the amount involved in the transaction according to this evidence?—A. Do not ask me to answer because I have told you I cannot reconcile those figures in the Steven's report with the present figures.

Q. I am wondering why that figure of $11,329,000 was not given to the committee instead of this figure of $22,000,000?—A. The $22,000,000 is correct and I have no doubt that, with an explanation, the other figure is also correct.

Q. Well it says here very definitely the consideration given was $11,329,000.—A. Is that statement made by the auditor of the company or is it made by the committee?

Q. I do not know who put the statement in but I suppose it was the government?—A. Remember, I told you that report is full of inaccuracies and misrepresentations.

Q. The answer given by the auditor when he was asked whether the $11,329,711 was the consideration was "yes".—A. If that is the auditor's statement, then I am saying there must be a simple reconciliation between the two sets of figures.

Q. In any event the consideration which you show on page 2 of your brief seems to be double the figure shown on page 2287 of the Stevens' report?—A. I will undertake to clear the point up quickly; I am sorry I have not looked it up as yet.

Q. I wonder if you could give the committee without too much trouble—and if it is difficult to obtain you could give the figure later—the total repair charges. I think the average which you show is $400,000?—A. It would be at least that amount but I have not got the figure.

Q. Would not that figure indicate that your plants are being kept pretty well up-to-date?—A. Yes.

Q. They are actually modern and up-to-date?—A. They are not as modern as we would like because machinery has been hard to get during the last eight years.

Q. Could you tell the committee the total amount you have written off since the inception of the company?—A. I do not know.

Q. Is that in your balance sheet?—A. I have it from 1936. I think you will find the figure is $11,391,000, by comparing the original balance sheet with the present balance sheet.

Q. On page 19 you show provision for depreciation of fixed assets as $17,319,000, and there is another year to be taken into consideration which would bring the figure to $18,219,000 at the present time?—A. At the present time it is $17,319,000.

Q. Yes, that was last year but at the moment the figure would be higher by approximately $900,000?—A. Yes.

Mr. MAYHEW: What was the date on this item of appraisal? The figure below is made at August 25, but what date should be put on the first paragraph of page 2?

The WITNESS: August 15, 1927.

Mr. THATCHER: Mr. McLean, back in 1934 according to this evidence, Mr. Sommerville questioned you regarding what he thought was very high depreciation which you were charging against the company at that time, and I would like to quote a couple of lines from 2554 of the Price Spreads and Mass Buying Investigation.

The CHAIRMAN: What are you quoting from?

Mr. THATCHER: The Price Spreads and Mass Buying Special Committee Report. On page 2554 Mr. Sommerville says: "According to the auditors, that depreciation allowance, if continued for six and a half years or six and three-quarter years on the same basis, will entirely wipe out all the depreciable assets of the Canada Packers."

Now I do not know whether you were speaking for your company or not, but whoever was speaking for you says: "we have got to the point now where we propose to lessen our depreciation. We have not done that at the present time, or up to the present time. I am not sure we will do it this year, but if we do not do it this year, we certainly will do it next year."

Mr. FLEMING: What page is that?

Mr. THATCHER: 2554 of the Price Spreads Investigation.

Mr. FLEMING: And the last quotation was at the same place?

By Mr. Thatcher:

Q. Yes, both quotations are at the same place. Apparently, instead of lessening the depreciation figure you increased it in the years which followed? —A. No, we have not increased it.

Q. I have the figures here?—A. The amounts may have been increased because of the increased values and added construction. The amounts may have been increased, but the rates or schedules upon which we calculate the figure were not increased; they were maintained.

Q. Did you purchase new factories or anything like that in 1934 and 1935?—A. We have built two plants since then.

Q. But during those years?—A. I do not know.

Q. I do not know of any which you built then? I think your explanation is partly correct and you have acquired new assets, but I think in the years following your depreciation instead of dropping has gone up.

Mr. JOHNSTON: Are you speaking of the amount or the rates?

By Mr. Thatcher:

Q. No, I am speaking of the amount.—A. I will be glad to clear up the question you are asking. We announced a certain policy at that time. I do not recall the policy and I do not recall who the witness was—it might conceivably have been myself.

Q. You were the witness yourself.—A. All right.

Mr. LESAGE: Yes, you did give the answers.

The WITNESS: That means that we changed our minds—I think we were correct in so changing and I make no apology about the change. I do not think there need be any explanation.

By Mr. Thatcher:

Q. It is all right, but the fact remains that in the past twenty years you have written off in depreciation an amount which is 161 per cent greater than the original value of your assets on the investment?—A. Oh, that is impossible.

Q. They are your own figures? You said a minute ago that the depreciation was $18,219,000 to date and the figure given for the assets was a little over $11,000,000?—A. What were the assets?

Q. The consideration given for the assets according to page 2287 of the Steven's report was $11,329,711.—A. You are quoting constantly from that report and I again make a comment.

Q. You stated this was correct?—A. No, no, the first thing I said when you mentioned that report was that it was a storehouse of misinformation. That is what it is, and Mr. Sommerville is dead so I will say nothing further about the way the investigation was conducted.

Mr. MAYBANK: If he were alive you would express yourself differently?

The WITNESS: I wish he were alive.

Mr. MAYBANK: Did you not say, in connection with that point, that the figures supplied by the auditor would be correct and that is particularly true if the figures were supplied by yourself.

The WITNESS: As far as any statements submitted by the accountants are concerned they are correct, of course.

By Mr. Thatcher:

Q. This statement was submitted?—A. Pardon?

Q. This statement was submitted by the accountant?—A. You are asking me to recall figures which are thirteen or fourteen years old. There is evidently a discrepancy and I am sure it is explainable, but I do not know what the explanation is.

Q. Would it not be correct to say that to the extent which you have over-depreciated your assets there is an additional profit which is available for future use of the stockholders?—A. Mr. Thatcher, in our judgment, we have not been over-depreciating our assets. We have been following what we consider is sound business practice. It is true that our depreciation has become a very substantial amount, but I do not think any business man would challenge the practice that we have followed.

Q. Would I be correct in assuming that for the last twenty years you have been taking depreciation on $23,000,000 at which you place the value of your properties instead of the $11,000,000 allowed you by the taxation authorities?—A. Right. Yes, we depreciate on the full book value.

Q. Do you think that is— —A. Pardon?

Q. Is that sound business practice? I suppose it is sound.—A. Of course. That is the view that is held, or would be held by 99 business men out of 100.

Q. I see, that practice would naturally be generally considered sound. Is that so, have you taken depreciation on the $23,000,000 and not on the amount on which you are allowed to take depreciation under income tax regulations? Maybe I am repeating a bit, but I want to point out what amount you set aside for depreciation.—A. I have all along said that we have set up for depreciation more than is permitted as a deduction by the government for purposes of taxation.

Q. You have depreciated on a basis of 161 per cent of the original consideration you paid for the business?—A. You have the figures in the balance sheet. I don't know. I can't recall at what price the fixed assets appeared on the original balance sheet. Whether or not you are correct would depend on that. My recollection is that that value of the plant when the company was formed was $23,000,000. I haven't got the first balance sheet but I have the second one here, and I can tell you that in 1926, just eight months after the formation of the company, the fixed assets were $18,999,904—just under $19,000,000.

Q. What have you got on the liability side as depreciation of fixed assets or surplus on appraisal? What have you got as surplus on appraisal on that same balance sheet?—A. $6,000,000.

Q. Is that reserve? What is the surplus on appraisal then?—A. That surplus on appraisal has been explained to the committee once before. We took over three businesses that had gone through a long period of difficulties. We naturally bought them at less than their book value. They were worth $19,000,000. We bought them for $5,000,000 or something less than that.

Q. In other words you wrote up your assets on one side and set up this reserve on the other?—A. We didn't write up our assets at all. We set up buildings at their proper value and we set up an appraisal reserve to show the amounts.

Mr. MAYBANK: What is appraisal reserve?

Mr. THATCHER: Excuse me just a moment, if you don't mind.

By Mr. Thatcher:

Q. Would that be a proper figure? And when you bought the company you did not pay that for them, you didn't think they were worth that when you bought them?—A. Not at all. They were worth that. Mr. Thatcher, your questions are coming pretty fast.

Q. I'm sorry.—A. And you are not giving me time to answer them.

The CHAIRMAN: That is my fault.

The WITNESS: This situation is very simple.

Mr. FLEMING: Did you say it was simple?

The CHAIRMAN: Mr. Fleming, may I point out to you; this is the first time I have said this; it is customary to pay certain respect to the chair, which on occasion you have not done.

Mr. FLEMING: I quite agree, Mr. Chairman.

The CHAIRMAN: All right, Mr. McLean.

Mr. FLEMING: About respect for the chair.

The CHAIRMAN: Proceed.

The WITNESS: Now, for a moment, I just forget what you were talking about.

Mr. THATCHER: We were talking about the appraisal reserve of $5,660,000 odd on your balance sheet.

The WITNESS: If you were buying three businesses which had been losing at the rate of $1,000,000 a year for eight years would you buy them at your full asset value or something less?

Mr. THATCHER: I should ask the questions, Mr. McLean.

The WITNESS: Am I right in saying that?

The CHAIRMAN: I think that is a perfectly fair observation.

By Mr. Thatcher:

Q. Well then the point is that when you bought the company you did not pay anything for these assets?—A. Didn't what?

Q. Pay anything for these assets, assets amounting to $5,663,000; You didn't give any consideration?—A. No.

Q. Your answer was no?—A. You know all the answers to these questions just as well as I do. You worked for Canada Packers for two years.

Q. Yes.

Mr. LESAGE: That was an advantage.

Mr. JOHNSTON: Could we ask you what bonus you got?

The WITNESS: I know perfectly well that you understand these things as well as I do.

Mr. MAYBANK: Mr. Thatcher is only helping you to inform the committee.

Mr. THATCHER: Yes.

By Mr. Thatcher:

Q. Well, you stated a minute ago; at least I stated, shall I say; that the original consideration given for the company was $11,300,000, according to this report—and you were going to reconcile that for us.—A. We will reconcile it for you. I will undertake to get the explanation of that.

Q. But of that amount, the consideration you gave for it included $2,571,000 odd in cash. That is correct. I am taking it from this report. Perhaps I should say, according to this report. I will put it that way.—A. I cannot recall the details. But I wish you would not ask me to say yes or to confirm anything in that report because unless it is an auditor's statement I say it is wrong.

Q. Well, this is an auditor's statement, Mr. McLean.—A. I doubt if it is.

Q. Well, you can verify it. You included in the purchase price, there it is in the $11,000,000 odd, $650.000 in collateral trust bonds and $6,600,000 in redeemable preference shares. That is the estimate of the consideration that you gave. Since that time I think you built fairly modern plants at Edmonton, Winnipeg and Vancouver.—A. No. Winnipeg was already built. That was built in 1925.

Q. But you have a new one there. That maybe was switched.

Mr. LESAGE: Mr. Chairman, I would like to suggest that if we are going to to be able to follow these questions, and I would like to be able to follow Mr. Thatcher's questions, we should have the capital structure of the company year by year from its inception up to the present time; otherwise it will not be very clear, and we will not be able to question the witness with regard to the capital structure intelligently. What is it you have there, Mr. Thatcher? Is that the auditor's statement?

Mr. THATCHER: Yes.

By Mr. Thatcher:

Q. There is one other question which I think is quite relevant to what we are trying to get at. Since 1927, since you formed the company, have you or your shareholders put back in, or put in extra money into the company, aside from the earnings that you have made?—A. No.

Q. None?—A. No.

Q. In other words, the only actual cash put into the Canada Packers since its inception aside from its earnings is that figure of $2,571,000?—A. I do not know what that is.

Q. That is what it is according to this.—A. I really do not remember what that item would be. If that is an auditor's statement I am sure it is correct, but I cannot remember anything about it. But if it is a statement made by Mr. Sommerville it is 100 to 1 that it was inaccurate.

Mr. LESAGE: I do not see how we could ask the witness to answer the questions he is being asked if he has not a copy of this material before him. He does not know what Mr. Thatcher has before him.

The CHAIRMAN: What is that, Mr. Lesage?

Mr. LESAGE: I said that when Mr. Thatcher is asking questions of the witness from material which he has in front of him the witness should also have a copy of it so he will know to what Mr. Thatcher is referring.

Mr. THATCHER: Yes.

The CHAIRMAN: Then probably we should find out. Mr. Thatcher, you are reading the statement of the auditors now?

Mr. THATCHER: Yes, and of Mr. McLean.

The CHAIRMAN: Really, the fair way is to read the question and the answer—

Mr. THATCHER: Well, Mr. Chairman, this is a chart which was read into the evidence.

The CHAIRMAN: The proper way would be to say, now on such and such an occasion you were asked the following question and you were reported as having given the following answer; is that right? And then make your comments.

Mr. THATCHER: All right, I will try to proceed along those lines, Mr. Chairman. I am not an expert at this kind of thing.

The CHAIRMAN: You are doing very well.

By Mr. Thatcher:

Q. But, Mr. McLean, you did say that $2,500,000 was the amount of cash originally involved in your company; as far as cash was concerned, irrespective of any other consideration?—A. $2,500,000?

Q. $2,500,000, yes.—A. I never said anything like that.

Q. Bonds and debentures extra, but the actual cash involved was only $2,500,000?—A. Do you mean that was the amount of working capital at the time?

Q. Yes.—A. That may be correct or it may not. I cannot remember. But when you speak of working capital and investments—they are entirely different things, as you must know.

Q. Oh, yes, admitted; but you said that this is the amount of cash.—A. I didn't say that. You know that.

Q. Well, I will state it.—A. I have told you I do not know what it is at all. It might quite conceivably be working capital. I have not got the original balance sheet with me.

Q. All right. I will proceed from there then. In the last twenty years you have paid out $650,000 on bonds?—A. Yes—no, $8,000,000 on bonds.

Q. But $650,000 is the amount—

The CHAIRMAN: $8,500,000.

By Mr. Thatcher:

Q. Six per cent, second class collateral Trust bonds, $650,000—you paid these off, did you not?—A. There were $8,500,000 in bonds and they are all paid off.

Q. And that is the book value of the bonds perhaps, Mr. McLean; would that be it?—A. Oh, no; that is the amount of the bonds; and they were paid off at face value.

The CHAIRMAN: They were the Harris Abattoir bonds and the Collateral Trust.

Mr. THATCHER: Oh, yes. That was done, apparently, and that cost the company about the amount of the bonds at their face value.

By Mr. Thatcher:

Q. I am asking you if you paid off the second collateral trust bonds in the amount of $650,000?—A. $650,000—there is no such figure at all.

Q. That is what is here. It could be wrong.—A. The bonds as I recall them —I have them here—Harris Abattoir Company had outstanding $3,975,000 of bonds.

Q. That is in the old company?—A. Harris Abattoir.

Q. Yes. You don't suggest you paid that amount for them, do you, Mr. McLean?—A. Of course. How do you think they would get money from bonds?

Q. Just a minute now.—A. You sell bonds and you get the money from the public.

Q. No— A. That is also bonds that were owned by the public. The Harris Abattoir Company had that amount of bonds outstanding.

Q. All right, I will accept that.—A. We got—now I am answering your question—William Davies had $237,000 outstanding. In order to make an amalgamation of these four companies possible it was necessary to get from the bank an additional $2,500,000, and that was got from the bank by issuing the bonds on the property—the property of the companies were already covered by the bonds and could only be got by getting it, by issuing Collateral Trust bonds against the shares of the company. Now, that is a total of $8,512,000, and they are paid off. It is a very simple matter, but I do not see what your view can be.

Q. I am just trying to find out. I am just trying to get information. I am not saying you are wrong; I just want to find out.—A. I can help you. You have been trying to establish this, and I will tell you in advance that it is correct; that the common shares of this company on the original balance sheet were valued at $1,413,000, plus $6,142,000—which is $7,555,000; and you are going to say that after heavy depreciation and after having paid off the bonds and the common stock that the company is making a profit of approximately $1,800,000, and that is a very big return on the original investment of $7,000,000. Isn't that what you are trying to say?

Q. Partly, not completely.—A. Let me answer that part of it anyway, since it is a part of it.

Q. Yes.—A. It is true that the original investment was what appears on the balance sheet, $7,500,000. The common shareholders went without dividends for eight years of necessity because the money had to be retained in the business to build up working capital. But if you are taking the original investment I suggest that it would be helpful if you go back another seven years to the year 1919. Canada Packers took over four companies and of these four companies it just happened that three of the companies were in difficulties, and the shares were sold to the public for cash money in 1919, and the amount that the public paid for those shares in the company was $20,000,000 in cash money in 1919. So that if you are talking about the investment that is represented to Canada Packers, Canada Packers shareholders had an inheritance, an investment of $20,000,000 in 1919, on which practically no dividends were paid for 17 years.

Q. Yes, Mr. McLean—

Mr. FLEMING: Just a moment there; the witness made, I think, an unintentional slip. He spoke of them as being common shares. I think they were preferred.

The WITNESS: Did I? I meant preferred.

By Mr. Thatcher:

Q. May I proceed again. On that original investment you paid off your bonds since that time. You have paid off your $6,000,000 odd redeemable preference shares?—A. That is right.

Q. You have set up an earned surplus account of more than $14,000,000? —A. Yes.

Q. You have acquired fixed assets which you value yourself, I think, at $25,000,000, less the reserve?—A. Correct.

Q. You have acquired working capital of approximately $11,000,000?—A. That is right.

Q. You set up an inventory reserve against future losses and depreciation of inventories of $4,600,000?—A. That is right.

Q. You have paid out dividends totalling $10,716,000?—A. That is right.

Q. Over the last 14 years. In other words, you have done all that simply by the earnings of the company. There has been no more money plowed back now for 20 years?—A. You are quite right.

Q. Well now, with that small original cash investment you have acquired assets, principally those to which I have just referred, having a value today of $40,000,000 odd?—A. And we have done it by operating, by processing livestock and the other forms of activities in food; and the highest profit made in any one year, and that has been by reason of a large volume—which between 1936 and 1948 was $1,890,000,000, on 15,000,000,000 pounds of product. And the highest profit that has been made in any year in the thirteen years is $\frac{1}{5}$ cent a pound.

Oh yes, that may be Mr. McLean; but the point I am trying to establish is that with that small original investment you paid teriffic income tax, set up solid reserves, paid bonuses to your employees, and you have assets today of about $40,000,000. I am suggesting that in the 20 years you must have—and a lot of credit to you—made very very heavy profits.—A. May I make some comment on what you have just said. We paid $21,000,000 in taxes. Do you think that has been a contribution to the national welfare?

Q. Oh yes, indeed.—A. We have paid $10,000,000 in bonuses to our employees as against $10,000,000 of dividends to our shareholders. Have you any fault to find with that?

Q. None whatever.—A. You see, that is the song that a certain group of people have been singing in regard to Canada Packers for a great many years. That same group never refer to Canada Packers except as an oppressive monopoly. Now, that textbook of yours, your economics bible, makes this comment—

Mr. THATCHER: I do not know if the witness is being relevant now, Mr. Chairman.

Mr. MAYBANK: I just want to make this comment for the benefit of the witness. I don't know whether he wants to add to the chorus of the song that he fears will be sung; but I want to point out to him that when one song he is talking about is sung in Saskatchewan this chorus won't add much anyway. They will only sing that which they choose to sing.

Mr. THATCHER: I have one more question I wanted to ask.

The WITNESS: I think you might let me finish.

Mr. THATCHER: I am sorry.

The WITNESS: Because this is the first chance I have ever had—

Mr. THATCHER: If you are casting aspersions at a political group—I do not know that this is evidence about prices.

The WITNESS: This is the first chance I have have ever had to reply to the leaders of that particular group. They never refer to the packing industry except as a monopoly. You, Mr. Thatcher, have worked in the packing industry and you know the facts; that there is no industry in Canada that is so intensely competitive as the packing industry.

Mr. THATCHER: All I am interested in is obtaining information for this committee.

The WITNESS: I have never had the pleasure of hearing you before. You have been an officer of the packing industry. I am not speaking about you. I am speaking about your leaders.

Mr. THATCHER: Very well.

The WITNESS: But what I was going to say is this. A group of people I dont' want to get into politics—but that group of people never speak of the packing industry except to refer to it as a monopoly, and there could not be a more flagrant misrepresentation of facts about the packing industry than that. The packing industry is the most intensely competitive industry in Canada; and this is the record of the packing industry. And if you feel there is anything that calls for apology in that record I would like you to tell me what it is.

Mr. THATCHER: Have you finished?

The WITNESS: Yes.

By Mr. Thatcher:

Q. All right. I have just one other point.—A. And don't let me forget to say how grateful I am to you for having given me the opportunity of saying this.

Q. Now the figures I just mentioned—maybe you agree and maybe you do not—I would like to take you back once again to page 249, of this price spreads inquiry—

The CHAIRMAN: Where is that?

Mr. THATCHER: It is just near the end of the page, Mr. Chairman. You will see this statement: "it should be the function of the packing industry if it is doing its job efficiently for the farmer, to do that job for a very small profit".

The WITNESS: That is right.

By Mr. Thatcher:

Q. Now, Mr. McLean, do you think that over the past 20 years you have done that, taken a very small profit?—A. I most certainly do, don't you.

Q. No, I do not, frankly.—A. Well, wait a minute then, let's discuss that. The highest profit, I am talking about the packing industry, I am not speaking only of Canada Packers—but I am sure that the profits of the packing industry generally are not greater than Canada Packers so we may take that as being representative of the industry—the highest profit in any year has been $\frac{1}{5}$ cent a pound. Have we done the job for a reasonable margin of profit?

Q. If you put it that way; but if you base it against the invested capital you have an entirely different picture.—A. Well, you go back to 1927, for invested capital; why not go back to 1919?

Q. Canada Packers as such was not in existence. You only started the company in 1927.—A. Canada Packers were the inheritors of four units in the packing industry, and it is the packing industry you are talking about.

Q. Yes.—A. And your investment in those four units of 1919, the investment was $20,000,000; and those who had made that investment went for 1

years without any return on their $20,000,000 at all; except if you consider some dividends paid in 1920 and 1921, and then they ceased entirely and there were no further dividends until 1936. Now, that was the investment in the packing industry. Now, it is true that on the investment they have in these companies Canada Packers have made a very satisfactory return. You do not expect me to make an apology for that, do you?

Q. No, I don't. Not at all. Have you finished?—A. I have finished.

Q. Could we say then, Mr. McLean, in fairness, that the reason here was perhaps the most successful you have had?—A. Yes. That is stated in that letter.

Q. And you made the profit which you made despite the six-week strike in the industry?—A. That is right.

Q. In other words, the profits would have been greater if the strike had not been on?—A. Yes.

Q. Well now, do you agree— —A. That profit amounted to one-seventh of a cent a pound.

Q. Yes, all right. Would you agree that a considerable proportion of those profits were due to inventory write-ups made possible by the signing of the British contracts, and made possible by the removal of the price ceilings? —A. Yes. I said that in the letter.

Q. You accept that?—A. If I had known that the letter was going to be quoted in this committee and in this connection I probably would have varied the phraseology so as to be more accurate; but that was, and I think I stated that it was—that contributed to the company's profits in that year.

Q. The main portion of your profits for that year?—A. No, no sir not at all. The extra profit.

Q. I see. You read the pertinent phrase of that letter? This letter was read a moment ago, and there were two paragraphs which seemed pertinent to me. —A. That a factor in the results has been—

Q. I will read it for you, Mr. McLean: This letter went to everyone in Canada Packers when he was given his bonus cheques, and it states that the chief factor in the results—you say:

> The chief factor affecting results has been the removal of ceiling prices on many of the products in which the company deals.

Now, I want to ask you if you agree with that? If you do not agree with it, Mr. McLean, you could change it.—A. I have no doubt you are reading it correctly.

Q. Let me repeat. You say: "The chief factor affecting results has been the removal of ceiling prices on many of the products in which the company deals"; and in the next paragraph you say:

> These advances brought to the company an automatic profit. On butter and hides especially, the profit was large.

A. That is not what you said at all.

Q. But that is what you have in your letter here?—A. You will find it stated later in that letter that that is the extra profit coming from those sources, not the principal profit.

Q. It states that very definitely, as far as I can see.—No, no; it does not. The letter has been handed in. I will correct that immediately if I can get the letter.

The CHAIRMAN: In the meantime, Mr. Thatcher, would you go on to your next point?

Mr. THATCHER: No, I think I will wait. It will only be just a moment.

The WITNESS: May I just say this—

Mr. THATCHER: I am not saying there is anything wrong with it, Mr. McLean.

The WITNESS: You are misinterpreting the phrasing of the letter which you are reading.

By Mr. Thatcher:

Q. I read it exactly as it was. Maybe I am.—A. You read it correctly but you are misinterpreting, or interpreting it wrongly.

Q. That may be, I do not know?—A. Yes.

Q. That is what the letter said, in any event.—A. Yes, that is what the letter said and the statement is exactly correct.

Q. Now, Mr. McLean, have you figures available with respect to the inventory appreciation you would receive? Would you have any accounting figures available to show what you made in pork by reason of the fact the price went up? Would you have the same information with respect to hides?—A. We did not make anything on pork—that would be my general answer to the question.

Q. Would you mind turning to page 30 of your brief?—A. I am not saying that we did not make a profit on pork, but I am saying we received no extra profits by reason of the advanced prices.

Q. Are you finished?—A. Yes.

Q. Am I correct in saying that according to this chart on page 30 you had 9,220,000 pounds of pork on hand at October 22.

Mr. WINTERS: What year?

By Mr. Thatcher:

Q. 1947.—A. That is correct.

Q. And that was the time just prior to when the ceilings were removed?—A. No, no.

Mr. LESAGE: The price of bacon went up on the 1st of January.

By Mr. Thatcher:

Q. I was coming to that in a minute. First of all I wanted to get the date when the price ceilings came off originally?—A. That is correct.

Q. It is given on Exhibit No. 94.—A. It was October 22.

Q. Yes, I presume that is why Mr. Dyde had these figures compiled. On Exhibit 94, (*p*), page 5, the wholesale pork prices at Toronto jumped 1 cent per pound. Do you agree with that?—A. I suppose that is correct.

Q. Would not your inventory within the next week automatically jump to that extent? It is not a large amount?—A. It was a cent a pound, was it not?

Q. Yes?—A. There may or may not have been a profit.

Q. Of about $92,000?—A. What is that?

Q. The chances were that on that stock of 9,220,000 pounds of pork which you had on hand at that time, and which went up 1 cent a pound, your inventory would appreciate by approximately $92,000?—A. If we received a cent a pound profit it would, but it does not follow that we made that profit. I do not recall—you will remember it was a very good pork year and we made substantial profits in pork, but when you are talking about inventory gains from price advances it is hard to get a definite figure.

Q. Yes, I know it is hard to get a definite figure.—A. The price advanced 7 cents a pound on January 5, but we received no profit out of that at all.

Q. I do not follow you there?—A. The figures speak for themselves. In the three months following we showed an actual loss on our operations.

Q. Would you mind just referring to page 30 again. At December 31 you had 14,761,000 pounds on hand?—A. That is correct.

Q. And I think you stated yesterday the price went up, when the British contracts were signed, by 7 cent a pound?—A. That is right.

Q. Would not that give you an inventory appreciation of almost $1,000,000 at that time?—A. You would expect so, but it did not. It did not give us any profit whatever, due principally to the buyer resistance or buyers' strike, whichever you wish to call it.

Q. You mean you could not put your selling prices higher?—A. We paid the higher price but we did not get the corresponding advance in our prices because the housewives refused to buy bacon.

Q. Would you agree, Mr. McLean, that when meat went up 7 cents a pound because of the fact that you had 14,761,000 pounds on hand you appreciated your inventory?—A. Yes, I fully expected that we would make a substantial profit.

Q. Of almost $1,000,000?—A. No.

Q. I am not saying that you made that profit but ordinarily your inventory would appreciate that much?—A. Not necessarily; one never knows what one will make. All that one can say is that when the price advances one expects to make a profit on his inventory; when the price declines one expects to show a loss on his inventory.

Q. Would you just look at your report on hides and skins on page 27?—A. Yes.

Q. On page 27 in the calendar year 1947 you show a profit of $837,000 as compared with $98,000 for 1946. A great deal of that profit would be from inventory appreciation?—A. I have not got the figures yet—yes the figure is $837,000.

Q. $837,000 as against $98,000?—A. Yes.

Q. Would you say a great deal of that would be inventory appreciation?—A. Yes, that was due to an advance of 10 cents a pound in the hide market.

Q. And when you come to your beef on page 10, in the last three periods of 1946, you showed a net profit of approximately $47,000 in the plants, and a net loss of approximately $35,000 in your branches. I arrive at those figures by adding the blue figures and subtracting the red one.—A. What page is that?

Q. Page 10?—A. Yes.

Q. In the last three periods of 1946 your plants show a profit of approximately $47,000 but you show a loss of approximately $35,000 in branches.

The CHAIRMAN: How do you arrive at that figure, Mr. Thatcher?

The WITNESS: You are referring to the three periods?

Mr. THATCHER: Yes.

The WITNESS: That is correct.

The CHAIRMAN: How do you arrive at that figure?

Mr. THATCHER: I am adding the figures $80,463 and $20,491 and subtracting the $53,913.

The CHAIRMAN: I see.

By Mr. Thatcher:

Q. If you turn to the next page, dealing with 1947—before doing so I should have said that for 1946 the total profit in the period referred to would have been approximately $12,000 for plants and branches both?—A. Right.

Q. And in the same period in 1947, using the same method of figuring would your profits not have been approximately $527,000?—A. You have made the calculation.

Q. Yes?—A. That is correct.

Q. And how much of that would be inventory appreciation?—A. I could not tell you that without looking at the figures. I do not recall them.

Q. I think, Mr. McLean, the same thing is true of your veal accounts, your lamb accounts and other accounts. The point I would like to establish is that

much of the profit of these meat departments did come about through appreciation of inventory through the year, due to either the removal of price ceilings or the signing of the British contract?—A. No. When you speak about 1946 I doubt if advance in price was an element at all because I do not think the price changed. When you pick out certain periods—a month, or three months—and consider the period by itself, price cannot be an element because even if you consider the page we are now looking at—page 11—you will notice there was a big profit on meat in the last three periods, but for the preceding ten periods there was a big loss.

Q. That is my point, Mr. McLean?—A. That is what happens and I do not think the increased profit was due to an advance in price. I do not know whether it was or was not, but that is what happens in the packing industry.

Q. The point I was trying to establish was that it might be coincidental with the removal of ceilings? That is why I picked the last three periods?—A. It may be, but I thought it was 1946 with which you were dealing.

Q. I was comparing the figure with 1946. I was showing that you have made considerably more profit in those periods and part of it—a good deal of it—would have been due to inventory appreciation?—A. Perhaps it was, I do not know. It was due to the fact that operations were extremely heavy and operating conditions were extremely favourable.

Q. Would you care to go back to the letter—have we received it now, Mr. Chairman?

The CHAIRMAN: Yes, we have it.

By Mr. Thatcher:

Q. Do you wish to query something on that letter, Mr. McLean?—A. You said our profit came mostly from inventory appreciation.

Q. Your words were "chief factor"?—A. No, that is defiinitely not the case.

Q. You did not mean what you said in the letter?—A. I stated in the letter that, with regard to profit, the amount of extra profit came from inventory advances. That letter is correct but you have stated that our profit came chiefly as the result of inventory appreciation and that is not correct.

Q. I said your statement, Mr. McLean was "the chief factor affecting result—" and I presume results refer to your results— "has been removal of ceiling prices".—A. That was the outstanding feature of the year.

Q. You will agree with that?—A. Yes, but anybody reviewing the year would see this was a year of large profit, and the condition which brought about the extra profit was the profit we made through advancing prices.

Q. Yes?—A. It is very simple and straightforward.

Q. What are you querying with respect to what I have said? I think we are in agreement—A. No, no. I understood you to say, or to give the impression, that our profits came mainly from advancing prices. That is not the case, but the extra profits came from advancing prices.

Q. You used the words "the chief factor affecting results have been—" and so on.—A. All right, but if I were writing a memorandum for this committee I would enlarge on that phrase. The phrase is quite accurate but it has given you the impression, which I have no doubt is an honest impression, that the profits of the year came largely from inventory advances and that is not so. The profits came from our regular operations. The fact that it was a record profit was due to the extra profits which came from inventory advances.

Q. Yes, but you have stated "the chief factor affecting results has been the removal of ceiling prices on many of the products in which the company deals". I am saying that the extra profit was the result of the advance in inventory value?—A. You have stated it three times.

Q. Does the fact that Canada Packers controls $\frac{1}{4}$ or $\frac{1}{3}$ of the packing business—and I am not quite sure of the figure——A. You ought to be sure, your political friends say we control all of it.

Q. All right. Does the fact you control that proportion of the packing business—

Mr. WINTERS: What proportion?

By Mr. Thatcher:

Q. $\frac{1}{4}$ or a $\frac{1}{3}$—does that mean that when you put up the price of pork 7 cents after negotiation of the U.K. contracts that the other packers would be inclined to follow your lead? You do give the lead in the packing business; or do you not?—A. You have served in the packing industry for several years and you know the facts as well as I do.

Q. You are not answering me?—A. You are trying to phrase it so that Canada Packers moves the price up and moves the price down, but Canada Packers does not do that any more than does the smallest unit in the industry. Prices go up and down, of course, following the movement of live stock prices. If the live stock prices go up then the prices of the products advance. If the live stock prices go down the prices of the products decline. The price does not go up because we put it or because anybody else in particular puts it up. The movement up and down is determined entirely by the movement of live stock.

Mr. LESAGE: At times the movement of the price of live stock is also determined by the price of meat on the export market, as you stated yesterday.

The WITNESS: Yes.

Mr. WINTERS: Before we leave this matter what is the explanation for the price of hides and skins going up?

The WITNESS: I want to give Mr. Thatcher some information about hides and skins. He has not asked for all of it yet—

Mr. THATCHER: I was getting around to it.

The WITNESS: I am anticipating your question, and here is the story about hides and skins. The ceiling on hides was held until January 20, 1947. As I recall it the ceiling price of hides was 15 cents from the time the ceilings were established until January 20, 1947, when the price moved to 18 cents.

Mr. WINTERS: You mean the ceiling price was adjusted to 18 cents?

The WITNESS: Yes.

Mr. WINTERS: When?

The WITNESS: From the beginning of controls the price was a flat price of 15 cents. On January 20, 1947, the price was advanced to 18 cents, and it continued there until September 15, 1947, when hides and skins were decontrolled. At that date the world market was 35 cents—that was the American market. The South American market was slightly higher. In South America the hides were in the hands of the government and they were demanding 40 cents, but the American market was 35 cents. When hides were decontrolled, the chairman of the Wartime Prices and Trade Board expressed a wish to the packers, in whose hands would be the hides that were being held—that the price should not go up to the American market price. After consideration, and I think discussion with the tanners, the price was fixed at 29 cents, or 6 cents below the American market.

Mr. JOHNSTON: Who fixed that price?

The WITNESS: I think it was done by agreement between the packers and the tanners. At any rate the packers owned the hides and they could have demanded 35 cents if they had so decided, because that was the world market. However the price was fixed at 29 cents and at that there was a very large profit. That is the profit you are speaking about, and all the hides on hand were sold at

that advanced price. Things went along for two or three months until the decline in United States commodity prices. I think that decline occurred in February. There was a good deal of apprehension all through the commodity market at that time, and the tanners stayed off the market expecting that hides would decline. They stayed off for so long that finally the trades had to be met and the hide market in the United States broke from 35 cents to 24 cents. The packers can only accumulate or hold a certain number of hides because their cellars have a limited capacity. Our next sale was made at 22 cents a pound. In other words the price dropped in one transaction from 29 cents to 22 cents. I am giving you the details because it illustrates what happens; and it illustrates what will happen in all the other things in which there have been advances. You asked about the number of hides we had on hand. On January 20 when the first advance occurred we had 82,759 hides, and I gave you that figure yesterday.

By Mr. Thatcher:

Q. Yes?—A. On September 15 when the price was decontrolled the market advanced to 29 cents and we had 67,522 hides. On the 1st of February when the market dropped, and our price dropped to 22 cents, we had 88,787 hides. I would like to read those figures again because you asked for them. On January 20 we had 82,000, on September 15 when the big advance occurred we had 67,000 and on February 1 when the big decline occurred we had 88,000. The hide market cannot stay at the present level, and sometime we will have losses on hides because we have always got 60,000 to 80,000 on hand. We cannot have less hides on hand because they have to be cured and we carry approximately three months supply. When the market drops we will have losses equivalent to the gains which we have made. That statement is true not only with respect to hides but all the other products, butter, bacon and so on.

Q. I agree, but I was only trying to establish that in one year you had made a profit from inventory appreciation?—A. Yes.

Q. In 1948, you told us yesterday that you made $626,000 on inventory appreciation of butter?—A. That is right.

Q. Would you be able to give the comparable figure for beef, hides, skins, and by-products? Would that involve a terriffic amount of work, or would you have any way of securing the information?—A. It would be impossible to secure the information. The reason we could give the figure on butter is that it was a profit on storage butter. A quantity of butter was put into storage in the months of production and distributed later in the months of short supply. That is a definite and separated transaction, and it is very simple to get the results. This committee asked for the results and those are the results.

Q. Would it be possible to estimate the figure with respect to the other commodities?—A. No, you see in regard to meats, while we do put meats into the freezer, the great proportion of the operation is not in connection with frozen meats but it is with respect to meats in current production. These sales go on each week and each day and we sell mostly fresh meat. A certain amount of meat may be taken out of storage but of how much there is no record kept. It would be impossible to separate the profit in the same way that we separated the profit on storage butter. Storage butter was an isolated case.

Q. I see, thank you.

The CHAIRMAN: Are there any other questions?

By Mr. Lesage:

Q. There are many questions, but I do not think there would be any use continuing now. I wonder, however, if the information about which I asked yesterday has been prepared?—A. In regard to prices?

Q. Prices, and quantities, of the various grades of beef?—A. I do not think it is possible to get that information. I have been discussing it with my officials

and the difficulty in getting the information is very great. The question under discussion however is very simple. I have the facts in my pocket and I can give them to the committee in the two minutes which remain.

Q. No, Mr. McLean was asked yesterday for the price of blue brand and commercial brand beef, and to give figures which would correspond with the various figures at the dates mentioned for red brand beef on page 60. I do not see why he cannot give me those figures on commercial and blue brand if he can give them on red brand?—A. The figures we gave reflect the average selling price of red brand beef.

Q. Yes?—A. But you had asked questions that involved the purchase of the corresponding cattle—and cattle are bought in carload lots as they come to market.

Q. That was not what I asked?

Mr. MAYBANK: That question was asked, but I do not think it was Mr. Lesage's point yesterday.

Mr. LESAGE: No.

Mr. MAYBANK: The matter which Mr. McLean mentions did arise.

Mr. LESAGE: That was Mr. Dyde's question. The only information I am seeking is with respect to the price of blue brand and commercial brand beef—wholesale prices—similar to those prices set out for red brand beef on page 60.

Mr. DYDE: We added that we would like the quantites.

Mr. LESAGE: Mr. McLean said it was easy to supply the figures.

Mr. MAYBANK: Mr. Lesage is asking for the information with respect to blue brand and commercial beef which we have for red brand.

Mr. LESAGE: Yes.

Mr. MAYBANK: Another question was then put with respect to purchases on the hoof, and I think it is the matter with respect to purchases on the hoof which is giving difficulty.

Mr. LESAGE: Yes, but I am not talking about that.

Mr. DYDE: There is another point, Mr. Lesage—

Mr. LESAGE: Yes, but first of all Mr. McLean said it would be easy to give me this information.

The WITNESS: When I got to the hotel and discussed this matter with Mr. Hall who operates that department, he said it would be impossible. However, Mr. Lesage, if you will give me or give Mr. Hall a memorandum of exactly what you want we will do the best we can.

The CHAIRMAN: Perhaps we could get it now? Can you just state what you want, Mr. Lesage?

Mr. MAYBANK: Take the statement on page 60?

Mr. LESAGE: I have been repeating this for two days.

Mr. MAYBANK: What is required is just a repetition of the figures on page 60—figures for blue brand and commercial brand?

The WITNESS: That is easy.

Mr. LESAGE: That is what you said yesterday.

The WITNESS: We can give you that.

Mr. LESAGE: That is what I am asking for and you said it would be easy to supply the information.

Mr. MAYBANK: That is all that Mr. Lesage asked and I remember clearly.

The WITNESS: Here is the difficulty—

Mr. LESAGE: Then it is not so easy.

The WITNESS: I will call on Mr. Hall—do you mind?

The CHAIRMAN: No, it is quite all right.

Mr. HALL: It will take a little while to produce the information because it will have to be obtained through an analysis of a lot of invoices. It could be done in a matter of a few days. You want the quantity sold and the average prices?

Mr. MAYBANK: We want a repetition of the figures on page 60?

Mr. LESAGE: I also asked for quantities but the first thing I wanted was prices.

The CHAIRMAN: How long would it take to get the prices?

Mr. HALL: Two days.

The CHAIRMAN: By Monday?

Mr. HALL: We could try, but I do not think it can be done by Monday.

Mr. DYDE: I will refer to the evidence given yesterday so that we will have it quite clear. I am referring to page BB-9 and it is my question "let us clear up the point as to whether we can or cannot get the figures for the prices paid to the farmer. You say that would be exactly as we have them on exhibit 96?—A. That is right.

Q. Then, of course, if we were dealing with red brand beef that would be the same as we have it on page 60. Then you give us in addition to those prices the prices at which you are selling your blue brand and your commercial brand?—A. Yes."

Mr. LESAGE: We wanted to know what those prices were.

Mr. DYDE: Yes, and then there was some other material you asked for.

Mr. LESAGE: I asked for the quantities.

Mr. DYDE: Mr. Lesage, I think it was, asked that the quantities be included. and then I said: "Mr. Lesage has suggested to me that perhaps you would be able at the same time to state the quantity of the different brands that were sold as well as the prices?" And to that you replied: "A. We can give you any information you wish". That is what is wanted?

Mr. LESAGE: Yes, and I would like to have it in order to ask several questions of Mr. McLean, because yesterday Mr. Dyde had started a certain line of questioning and was trying to get answers from Mr. McLean and was pointing out that the figures related to red brand only. That is why I asked for the prices of the other brands, and that was the only way we could arrive at an understanding of the whole matter, by having the related prices for the other brands of steer beef.

The CHAIRMAN: Now, we are clear as to what Mr. Lesage wants, Mr. McLean; and you will get that information as quickly as possible? Do you want it while the witness is before the committee?

Mr. LESAGE: Yes. I think he would agree with me that it is important.

The CHAIRMAN: When could we get it?

The WITNESS: This is a memorandum which has just been given to me. It would mean taking these sales out of 12,000 invoices a day. I don't know how that red brand table was prepared. Oh, I am told that the red brand price was taken off our city of Toronto sales only. Would that be satisfactory?

Mr. LESAGE: We need the corresponding figure for the blue brand and the commercial.

Mr. MAYBANK: You just want page 60, reproduced with the word "blue brand" instead of "red brand".

Mr. LESAGE: Yes.

Mr. MAYBANK: And then for the commercial the same. You just want two pages the same as 60, but headed "blue brand beef, and commercial grade beef".

Mr. LESAGE: Yes.

The CHAIRMAN: You see, Mr. McLean, I think you raised this whole question yourself.

The WITNESS: I know.

The CHAIRMAN: And the question now is, and I think it is important, really how quickly can we get it?

The WITNESS: Well, we will get it for you as quickly as we can. This all came up in regard to the discussion yesterday.

The CHAIRMAN: Yes.

The WITNESS: Mr. Dyde called attention to the fact that in a certain week, the week of December 29, the price of live steers went down from $14.75 to $14.54.

The CHAIRMAN: Yes.

The WITNESS: And in the same week the price of red brand beef according to one statement went up.

The CHAIRMAN: Yes.

The WITNESS: And Mr. Dyde asked me how that could be.

Mr. LESAGE: And that was the cause of the whole difficulty.

The WITNESS: I looked up this statement of the price of steers. He asked me why the price we paid dropped while the selling price indicated in the reports went ahead, and I answered that the price was advancing because it always advances at that time of the year when the run of cattle was over, that in the first week of December cattle becomes scarce and the price always advances. Now, I have the figures. Mr. Dyde's figures were missing one week, but I have got them all. In that week of December the prices were as follows: This is the report for good steers, December 6, $13.61.

Mr. HARKNESS: Is that the week beginning or the week ending December 6?

The WITNESS: I would think it is the week ending December 6 and the figure is $13.61; December 13, $14.26; December 20, $14.75; December 27, $14.74; December 29—3 days—$14.54; January 1 to 10—the three day holiday is included there—$15.11; January 17, $15.27; I do not know anything about the facts but I told Mr. Dyde I thought the advance in price was seasonal and that it advanced every year.

By Mr. Lesage:

Q. Yes?—A. Now the fact is in that month of December the price of the kind of steers to which Mr. Dyde was referring advanced from $13.61 to $14.54, and in the first week in January the price advanced to $15.11. You see there was a steady advance in the live price in one month from $13.61 to $15.11. There is no question that was an advance on the market. Now I do not know the explanation for the decline from $14.74 to $14.54—a 20 cent decline. It was probably due to the fact that the grade of steers or cattle offered on the market on those three days was lower. The trend, however, is quite definite, and there was an advance in one month of two cents a pound in the live weight. The price of beef was advanced accordingly. In thinking it over I realize that Mr. Dyde's point was there was an apparent decline in live prices but an increase in beef prices.

Q. That is right.—A. But you will see that apparent decline is only temporary and as I said yesterday there must be a reason. The explanation of the apparent decline in market advance must be that the quality of the cattle happened to be lower during that three day operation.

Q. We will know the answer when we have your wholesale prices for blue brand and commercial as at the 28th day of December?—A. I have no doubt many such instances could be found if you made a close and detailed examination. I am quite sure that there is a very simple explanation.

The CHAIRMAN: We are going to get the information.

Mr. LESAGE: On Monday?

The CHAIRMAN: They say a week.

Mr. MAYBANK: The only thing to do would be to have these gentlemen come back at the end of the week.

Mr. DYDE: I might suggest that we might ask these gentlemen then to retire for a week and come back.

The WITNESS: You mean, you want me to come back?

Mr. DYDE: If it is convenient.

Mr. LESAGE: You will have to come back on Monday if you do not come back later in the week.

The CHAIRMAN: You are very popular with this committee.

The WITNESS: I think you have got from me practically everything that you need from me and the rest of these technical things could be given by our officials.

Mr. LESAGE: There are questions that I want to ask the witness arising out of the answers he gave yesterday to Mr. Dyde, and in order to question him on that I will have to have the information I asked for.

The WITNESS: Mr. Chairman, I submit that so far as the objects of this committee are concerned, I have already given you complete information. You are inquiring about the advance in the price of meat and I have told you that this advance is due to world conditions which neither individuals nor governments can control.

The CHAIRMAN: I am in this position, Mr. McLean; as chairman of this committee. That is your view. I am not commenting now on what the reason for the advance is. But Mr. Lesage says that he wishes to put certain questions. I know that you have expressed your views. But Mr. Lesage is a member of this committee and I am afraid that I have no alternative but to say that you will have to return; unless the information can be made available in some other way that is satisfactory to him and the committee.

The WITNESS: Well, I would make this request. Remember, I enjoy being down here, but I have been here 4 days and the first day I was not on at all. I have been away for 4 weeks. Is it unreasonable to ask that you save my time? I will come back for as long as you wish and as often as you wish.

The CHAIRMAN: I will assure you of this, we will do our best not to keep you here beyond the requirements of this committee.

Mr. MAYBANK: Could not that be arranged with counsel for over the weekend?

The CHAIRMAN: Are you ready to go on on Monday, Mr. Dyde?

Mr. DYDE: Yes, with other witnesses.

The CHAIRMAN: We will meet Monday morning at 11 o'clock.

Mr. MAYBANK: Well, it is to be understood that whatever arrangements are to be made for Monday they will be in the hands of counsel. In case by reason of fruther discussions that may be had, maybe in the next few hours something more definite may be worked out about this matter. No doubt something can be worked out.

The CHAIRMAN: I think it is desirable, Mr. Maybank, for the committee to continue and complete the matter of Canada Packers while it is before them. I think we have no alternative but to wait until this material is prepared. If we are not able to go on with Mr. McLean on Monday there will no doubt be another company ready to proceed.

Mr. MAYBANK: It is just possible that before we bring on another set of witnesses these witnesses may be able to bring the additional information by

Monday. No doubt the witness and counsel can work that out. Sometimes people say they can't get a thing ready but when it involves their returning in a week or so they very often find that by making a special effort they can save themselves the greater delay.

The CHAIRMAN: I have a suggestion regarding the matter. Mr. Thatcher has had experience in the meat business, and he might go over to one of your plants during the week-end and get the information right away.

Mr. THATCHER: I am tied up for this week-end.

The WITNESS: We would be delighted to have him back; he was a very good man when he was there.

Mr. LESAGE: I also asked yesterday for the price during the last twelve months of meat meal—I did not know exactly what you called it if you remember—but what I meant was meat meal.

The WITNESS: I was wrong yesterday when I said the information would be easy to find. I said that yesterday but it turns out to be very difficult indeed as it means a review of some 12,000 invoices per day.

The CHAIRMAN: The only questions that have been put to the witness have been essentially those of Mr. Thatcher. It may be that other members of the committee are ready to go on with questioning on other matters. I think it would be desirable to continue in an orderly way dealing with the witnesses who are here, and I think we should avoid interrupting their evidence if that can be arranged. In the meantime the officers of the company will act with dispatch when they leave this room and they will get the information, perhaps much earlier than they think.

The WITNESS: This is a matter of detail and I gave an offhand answer yesterday which was wrong. There is a great deal of work involved but we will do it.

The CHAIRMAN: What would you say Mr. Dyde?

Mr. DYDE: I am in your hands but I think the best thing to do would be to postpone further questioning of Canada Packers until we can obtain the information requested.

Mr. LESAGE: That is my opinion.

The CHAIRMAN: Pardon?

Mr. LESAGE: That is my opinion too.

The CHAIRMAN: Do the other members of the committee feel that way?

Some Hon. MEMBERS: Agreed.

Mr. MAYBANK: I do not see why we cannot just leave it with council to determine how we will proceed on Monday. I presume that in case these witnesses are not ready to continue there will be other witnesses ready to go on when we meet Monday.

The CHAIRMAN: What I am trying to get at is the point raised by Mr. Mayhew, and I think very properly. If we are not going to go on with these witnesses on Monday there is information with respect to another firm which can now be made available to the members of the committee so that they will have that information before them in the interval.

Mr. THATCHER: I would move that the matter be left in the hands of counsel.

The CHAIRMAN: I am referring to another point. Mr. Dyde, is there information to be put into the hands of the committee with respect to other witnesses to be called on Monday?

Mr. Dyde: Yes, I can give it to the committee now. It is information which will be produced by the next witnesses who are officers of Swift's.

The Chairman: You can distribute that to members of the committee now?

Mr. Dyde: Yes.

The Chairman: All right. We are giving to members of the committee now information with respect to the witnesses appearing on Monday. The information which is now being handed out to members of the committee is of course to be considered strictly confidential.

We will meet on Monday at 11 o'clock.

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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 45

MONDAY, APRIL 26, 1948

WITNESSES:

Mr. A. E. Millard, President and General Manager, Swift Canadian Company Limited, Toronto, Ont.

Mr. R. E. Swan, General Supervisor, Canadian beef-veal-lamb operations, Swift Canadian Company Limited, Toronto, Ont.

Mr. N. E. Landon, Secretary, Swift Canadian Company Limited, Toronto, Ont.

Mr. W. S. Mulock, Provision Manager, Swift Canadian Company Limited, Toronto, Ont.

MAY 8 1948

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

MINUTES OF PROCEEDINGS

MONDAY, April 26, 1948.

The Special Committee on Prices met at 11.00 a.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Irvine, Johnston, Lesage, Maybank, Mayhew, Merritt, Thatcher, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

The Vice-Chairman brought to the attention of the Committee a request by Mr. W. F. Spence, Enforcement Administrator, Wartime Prices and Trade Board, for the release of a number of Exhibits filed with the Committee and required in connection with certain prosecutions before the courts.

On motion of Mr. Winters it was resolved that this matter be referred to Counsel for advice as to the appropriate procedure to be followed to give the co-operation requested.

The Vice-Chairman also tabled a letter to the Chairman from Mr. J. S. Turnbull, of the Saskatchewan Co-operative Creamery Association, Limited, which was ordered printed into the record.

Mr. A. E. Millard, President and General Manager, Mr. R. E. Swan, General Supervisor, Canadian beef-veal-lamb operations, Mr. N. E. Landon, Secretary, and Mr. W. S. Mulock, Provision Manager, Swift Canadian Company Limited, Toronto, Ont., were called, sworn and examined.

At 12.55 witnesses retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Harkness, Irvine, Lesage, Martin, Maybank, Mayhew, Merritt, Thatcher, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee in attendance.

Messrs. Millard, Swan, Landon and Mulock of Swift Canadian Company Limited, were recalled and further examined.

At 6.00 p.m. witnesses retired and the Committee adjourned until Tuesday, April 27, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
April 26, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Vice-Chairman, Mr. Ralph Maybank, presided.

The VICE-CHAIRMAN: The Chairman has to be at an important cabinet meeting. I do not know whether or not he will be here somewhat later. Mr. Dyde is prepared to go ahead with the Swith Canadian Company this morning. Before doing so I have a letter here which I think you have got to decide upon. It comes from Mr. Spence, Enforcement Administrator of the Wartime Prices and Trade Board. It is addressed to me.

Our File NS-698-P
OTTAWA, April 22, 1948.

Ralph Maybank,
Vice-Chairman,
Special Committee on Prices,
House of Commons,
Ottawa.

Dear Sir:—

Re: Canada Packers Ltd. Halifax, Charles Duquette, John Harvey, Pelchat & Gauthier Ltee, et al.

The Wartime Prices and Trade Board has granted leave to prosecute all of the above persons for various infractions of the Board's regulations. The same infractions have been the subject of questions directed to witnesses during the hearing of the Prices Committee and in reply to those questions the witnesses have produced certain documents which documents are relevant to the prosecutions now under way and in fact some may be considered to be essential to the said prosecutions. As an example Canada Packers Limited filed as Exhibit No. 80 an invoice from that company to Valley Creamery Limited dated the 9th of March, 1948, as Exhibit No. 81 an invoice from Valley Creamery Limited to Canada Packers dated the 23rd of March, 1948, as Exhibit No. 82 112 invoices from Canada Packers Limited to various retailers in the Halifax area and as Exhibit No. 83 the statement of account between Canada Packers Limited and Valley Creamery Limited.

May I request you to take steps to see that these invoices are released at the earliest possible moment so that they may be produced in Halifax upon the said prosecution.

Yours very truly,

WISHART F. SPENCE,
Enforcement Administrator.

I think that is something we will have to deal with immediately.

Mr. JOHNSTON: Does that mean they are going ahead with the prosecutions and desire the exhibits to be produced at the hearing?

The VICE-CHAIRMAN: That is it. They are going ahead with the prosecutions, and some documents are in our custody.

Mr. JOHNSTON: They are going ahead with the prosecutions as a result of the evidence which was brought out here.

The VICE-CHAIRMAN: That is right, yes, evidence that was brought out here respecting sales of butter, you will remember, that was sent to Valley Creamery to be worked over, and then when it came back it was sold as first grade butter.

Mr. JOHNSTON: All those invoices have been changed, too, I recall.

The VICE-CHAIRMAN: There were a number of invoices filed which showed that various changes in the price had been made with a view to correcting an error, as the evidence was given, but doubtless they are necessary anyway in such a prosecution. It just strikes me as possible that if the Wartime Prices and Trade Board does not want these invoices that the defendant in such a case might himself want them in order to show the change in prices. I do not know whether or not that is so. It is always a question in legal procedure when documents are in one court, as you might put it, how to get them into another court. Mr. Spence looking ahead wants to make sure he is not impeded in the prosecution by this committee having the documents.

Mr. JOHNSTON: I think they should have them if they require them.

Mr. LESAGE: As I see it the only question is can we of our own volition give the Wartime Prices and Trade Board documents that have been filed here voluntarily by witnesses?

The VICE-CHAIRMAN: You mean we are a creature of parliament and have we the right to surrender to anybody documents that are in parliamentary custody?

Mr. LESAGE: Should we not wait until the clerk, for instance, has received a subpoena duces tecum? Mr. Dyde, is that the way you say it in English?

Mr. DYDE: Yes.

Mr. LESAGE: Can we do it of our own volition? I should like to have the opinion of counsel on that.

Mr. DYDE: I have not had an opportunity to consider this at all. I think there is some doubt as to whether we can just give them to anyone, even though it may be an officer whom we recognize, without something further. The court might formally ask us for those documents. I think that could easily be arranged by Mr. Spence or whoever is conducting the prosecution.

The VICE-CHAIRMAN: It strikes me that a court would not have the power to subpoena duces tecum the clerk to produce documents which belong to the highest court in the land, parliament. We might have to get parliamentary authority to surrender the documents. However, I presume it is the opinion of the committee that everything ought to be done to facilitate the work of the Wartime Prices and Trade Board in connection with these prosecutions. Is that agreed?

Mr. LESAGE: There is no doubt about that, but the difficulty seems to be on the question of how we should do it.

The VICE-CHAIRMAN: Would somebody offer a motion that full co-operation be given and the secretariat instructed to work out the method, it being understood that if this committee has to do anything further such as seeking parliamentary authority it will do so.

Mr. WINTERS: I would so move.

Mr. LESAGE: Would it not be better to move a motion to have the whole question studied by counsel and ask him for his advice on it?

The VICE-CHAIRMAN: You would desire, would you not, that full co-operation be given?

Mr. LESAGE: It would be embarrassing to offer full co-operation without knowing where we are going, if we can give it. I should like to give full co-operation.

Mr. IRVINE: That is the main thing.

Mr. LESAGE: It is only a wish.

The VICE-CHAIRMAN: That is all it is.

Mr. LESAGE: I do not know how we can implement it.

The VICE-CHAIRMAN: How would you desire to phrase the motion?

Mr. LESAGE: Refer the question to counsel for advice.

Mr. IRVINE: That is postponing it. I would do that as well. I think we should do that also if it is necessary, but there is no reason why we should not settle the other point. If counsel finds a way this can be done he ought to be allowed to go ahead and do it.

Mr. WINTERS: I think a way must be found for it to be done.

The VICE-CHAIRMAN: Why not express the view that we should co-operate in every way and give authority to the secretariat to do that, and should it be necessary for the secretariat to come back and ask this committee something further then they will do so, but if they find a way to co-operate they can go ahead.

Mr. LESAGE: I would not like the secretariat to give documents to the Wartime Prices and Trade Board under the authority of such a motion.

Mr. IRVINE: Could we not instruct them to do so under the advice of counsel?

Mr. LESAGE: No, I think the question should be referred to the committee first. What we need now is advice from counsel as to what we can do and what we cannot do.

Mr. MERRITT: Once we get counsel's advice it will only take a minute to dispose of it. I think probably the best thing to do is to adopt Mr. Lesage's suggestion.

The VICE-CHAIRMAN: The motion would be to refer the matter to counsel for advice as to the appropriate procedure to be followed to give the co-operation that is asked.

Mr. LESAGE: That is right.

The VICE-CHAIRMAN: Is that motion satisfactory, gentlemen? Those in favour? Opposed, if any? Carried.

Mr. IRVINE: There is a letter here which I believe every member of the committee received.

The VICE-CHAIRMAN: Just one second; would you bear in mind with connection with that, Mr. Dyde, that we may have to retain copies of the documents for our own use in considering the matter further.

Mr. IRVINE: I was referring, Mr. Chairman, to a copy of a letter addressed to the chairman of this committee, the Honourable Paul Martin, by J. S. Turnbull, General Manager of the Saskatchewan Co-Operative Creamery. He is offering what would seem to be a correction of some of the evidence given

in some of the hearings of this committee. I was wondering what is the proper way to deal with that matter.

The VICE-CHAIRMAN: Mr. Irvine and gentlemen, I have the original here and I was going to present the original to the committee. I may say that my own opinion, gentlemen, is that since this is an offering of evidence by one who has already been before us, and comments both upon his own evidence and other evidence, that it would be appropriate to record it in the proceedings, if that is agreeable to you, and it can be incorporated at this time as though read at this moment.

Mr. LESAGE: That is agreeable, but I do not want it to be a precedent.

The VICE-CHAIRMAN: Oh, no. This is a rather particular case. If it is agreeable we will have it in there and it will thus get its consideration in the proper way.

Regina, April 21, 1948.

Hon. Mr. Paul Martin, Chairman,
House of Commons Special Committee on Prices,
Ottawa, Ontario.

Dear Sir:—Having given evidence before the Prices Committee during the inquiry respecting creamery butter, I have been asked by the Saskatchewan Creamery Operators to draw your attention to the following information involving an undoubtedly unintentional slight misrepresentation of the creamery butter overrun possibilities specifically in the three prairie provinces, Manitoba, Saskatchewan and Alberta—and more particularly in Saskatchewan—these being the three provinces where significant percentages of the butter make must under present production conditions be marketed in the deficiency areas of Canada when federal creamery butter grade certificates invariably become involved. The point is of importance in calculating a reasonable return to cream producers in a given area under known market circumstances. At a meeting of Saskatchewan Creamery Operators held in the city of Saskatoon, April 15, mention was made of Mr. J. F. Singleton's evidence concerning the amount of creamery butter which is made from 100 pounds of butter fat. The statements in question appear on pages 1174 and 1175 of the Minutes of Proceedings and Evidence of the committee, number 24, dated March 15, 1948. At the bottom of page 1174 it is reported that in answer to the question, "How much butter would be made from 100 pounds of butterfat?" the witness replied, "Say 123 to 125 or a litttle better; it depends on the efficiency of the operation." Again near the bottom of page 1175 it is reported that in answer to Mr. Monet's question, "But 1·23, it would be a fair average," Mr. Singleton replied, "Yes, a conservative average." In the province of Saskatchewan our Provincial Dairy Department has complete figures covering the butterfat churned and butter made in all creameries during the last few years. This information has been made available to the creamery operators and they have asked me to advise you of the average amount of butter made per 100 pounds of butterfat churned in the province of Saskatchewan in each year since 1944. These figures are as follows:—

1944	122·3
1945	122·1
1946	122·2
1947	122·0

It was further pointed out at the meeting in Saskatoon that with the requirements of the Dominion regulations concerning moisture content complied with it requires very efficient work to secure the above results

in this province where the salt content of the butter cannot exceed 2 per cent if the butter is to qualify for first grade certificates which are of first importance in interprovincial trading. In those provinces where grade certificates are not so necessary in the marketing of the butter, the outturn figures per pound of butterfat as quoted by Mr. Singleton would undoubtedly apply. It is hoped that the members of the Special Committee on Prices will give due consideration to the above point in their further deliberations of related matters.

Yours very truly,

SASKATCHEWAN CO-OPERATIVE CREAMERY ASSOCIATION LIMITED,

J. S. TURNBULL, *General Manager.*

The VICE-CHAIRMAN: I think those are all the preliminary matters. Mr. Dyde is going to introduce the Swift Canadian Company this morning, I believe.

Mr. DYDE: In connection with the Swift Canadian Company, Mr. Chairman, there are four officers of the company who will appear before the committee. I would ask those gentlemen to come forward and sit in these seats here.

Mr. THATCHER: Before you begin your questioning I wonder if Mr. Millard would have a balance sheet here.

Mr. MILLARD: We have.

Mr. THATCHER: Could I have a copy of it please?

Mr. MILLARD: We just sent one to Mr. Dyde. Mr. Landon has one in his bag in case there are some questions come up, and we can refer to it.

A. E. Millard, president and General Manager, Swift Canadian Company, Limited, called and sworn:

R. E. Swan, General Supervisor, Canadian Beef, Veal and Lamb Operations, Swift Canadian Company, Limited, called and sworn:

N. E. Landon, Secretary, Swift Canadian Company, Limited, called and sworn:

W. S. Mulock, Provision Manager, Swift Canadian Company, Limited, called and sworn:

Mr. DYDE: Mr. Millard, would you give the committee your full name, please?

Mr. MILLARD: Albert Earl Millard.

Mr. DYDE: Your address?

Mr. MILLARD: 7 Baby Point Crescent, Toronto, Ontario.

Mr. DYDE: Your office with the Swift Canadian Company?

Mr. MILLARD: President and General Manager.

Mr. DYDE: Mr. Swan, would you give the committee your full name?

Mr. SWAN: Robert Edward Swan.

Mr. DYDE: Your address?

Mr. SWAN: 3 Phin Avenue, Toronto.

Mr. DYDE: Your position?

Mr. SWAN: General supervisor, Canadian beef, veal and lamb operations.

Mr. DYDE: Mr. Landon, would you give the committee your full name, please?

Mr. LANDON: Norman Edward Landon.

Mr. DYDE: Your address?

Mr. LANDON: 27 Mossom Road, Toronto, Ontario.

Mr. DYDE: What is your position with the company?

Mr. LANDON: I am secretary.

Mr. DYDE: Mr. Mulock?

Mr. MULOCK: William Stephen Mulock.

Mr. DYDE: And your address?

Mr. MULOCK: 6 Greenway Road, Port Credit.

Mr. DYDE: Your position with the company?

Mr. MULOCK: Provision manager.

Mr. DYDE: Mr. Millard, you were requested to place certain information before the committee. You have done that in the form of a document, divided into various schedules and headed, "Swift Canadian Company Limited, House of Commons examination into meat". I think all members of the committee now have a copy of this document. I believe it should be formally produced as an exhibit. However, there are one or two general matters which I think I have to clear up for the benefit of the committee because it is not apparent, at first sight, what questions are being answered.

SWIFT CANADIAN CO. LIMITED

HOUSE OF COMMONS
EXAMINATION INTO MEAT

SCHEDULE 1

(*a*) Swift Canadian Co. Limited.

(*b*) Toronto, Ontario.

(*c*) January 2, 1911. The Companies Act Dominion of Canada.

(*d*) President and General Manager, A. E. Millard, 7 Baby Point Crescent, Toronto, Ont.; Vice-President, P. E. Petty, 4021 Johnson Ave., Western Springs, Ill.; Treasurer, Wm. B. Traynor, 6936 Bennett Ave., Chicago, Ill.; Assistant Treasurer, C. W. Lawrence, 164 Oxford Rd., Kenilworth, Ill.; Assistant Treasurer, A. L. Bruckner, 8108 Kimbark Ave., Chicago, Ill.; Secretary, N. E. Landon, 27 Mossom Rd., Toronto, Ont.; Assistant Secretary, W. H. Soutter, 1149 E. 56th St., Chicago, Ill.

(*e*) John Holmes, 10014 S. Seeley Ave., Chicago, Ill.; A. E. Millard, 7 Baby Point Crescent, Toronto, Ont.; P. E. Petty, 4021 Johnson Ave., Western Springs, Ill.; A. E. Miller, 50 Wilgar Rd., Toronto, Ont.; J. H. Dever, 98 Glendonwynne Rd., Toronto Ont.; O. W. Pearson, 4176 Cartier Ave., Vancouver, B.C.; N. E. Landon, 27 Mossom Rd., Toronto, Ont.

(*f*) Swift Canadian Company Limited was incorporated by letters patent of the Dominion of Canada dated 13th December, 1902, under the name of J. Y. Griffin and Company Limited. The company at that time was owned by the Griffin family and on incorporation assumed the assets and liabilities of its business which had previously been conducted as a partnership. In 1904 the shares of J. Y. Griffin and Company Limited were acquired by Swift & Company (Illinois) which has owned them ever since. In 1941 the name of the company was changed from J. Y. Griffin and Company Limited to its present form, Swift Canadian Co. Limited. The company acquired from the Griffin family at the time of incorporation its packing plant in Winnipeg and branches in Nelson, Calgary and Vancouver. In 1907-1908 the Company built a plant at Edmonton. In 1911 the company (whose business had been largely restricted to Western Canada up to that time) purchased the D. B. Martin Company plant in Toronto. Subsequent plants acquired were as follows: New Westminster, purchased in 1918; Moose Jaw, purchased in 1925; Moncton, built in 1926; Calgary, purchased in 1946. The company operates 7 packing plants with 25 branch houses and 11 dairy and poultry plants. The company sells its perishable products directly to retail stores across Canada and a portion of the non-perishable items to wholesalers and jobbers.

(*g*) None.

(*h*) Meat Packing Plants——Moncton, N.B.; Toronto, Ont.; St. Boniface, Man.; Moose Jaw, Sask.; Calgary, Alta.; Edmonton, Alta.; New Westminster, B.C. Branch Houses -Halifax, N.S.; Sydney, N.S.; Saint John, N.B.; Quebec, City, Que.; Montreal, Que.; Ottawa, Ont.; Toronto, Ont.; London, Ont.; Windsor, Ont.; Rouyn, Que.; Sudbury, Ont.; Timmins, Ont. Sault Ste. Marie, Ont.; Fort William, Ont.; The Pas, Man.; Yorkton, Sask.; Saskatoon, Sask.; Regina, Sask.; Calgary, Alta.; Nelson, B.C.; Kamloops, B.C.; Prince Rupert, B.C.; New Westminster, B.C.; Vancouver, B.C.; Victoria, B.C.

(*i*) End of October period.

Schedule No. 2

SWIFT CANADIAN CO. LIMITED

SALES TO TRADE

(000's lbs. and $ omitted)

—	Beef		Pork		Veal		Lamb		Other meat Products		Total meat sales		By-products	
	lbs.	$	lbs.	$	lbs.	$	lbs.	$	lbs.	$	lbs.	$	lbs.	$
1947														
March	8,025	1,859	8,125	2,277	471	97	929	239	3,768	1,035	21,318	5,507	2,007	338
April	5,960	1,416	6,036	1,804	764	163	608	162	3,702	1,074	17,070	4,619	2,034	305
May	8,814	2,119	9,313	2,710	1,259	262	313	76	4,935	1,433	24,634	6,600	2,568	393
June	6,190	1,723	6,520	1,925	886	180	169	39	3,784	1,143	17,549	5,010	1,958	374
July	6,687	1,590	7,370	2,140	944	192	440	110	3,874	1,208	19,315	5,240	1,750	308
August	10,530	2,437	7,059	2,065	1,325	276	916	250	5,525	1,652	25,355	6,680	2,187	341
September	3,593	815	1,590	492	230	48	397	113	1,784	551	7,594	2,019	333	56
October	4,989	1,119	5,286	1,533	302	64	681	189	2,899	865	14,157	3,770	780	152
November	15,635	3,454	13,557	4,286	1,126	264	1,293	340	5,349	1,738	36,960	10,082	3,889	855
December	12,589	2,778	10,462	3,309	550	135	859	215	3,310	808	27,770	7,245	1,879	458
1948														
January	11,030	2,748	7,247	2,549	619	169	828	225	4,185	1,240	23,909	6,931	4,723	1,105
February	13,638	3,420	11,209	4,106	829	241	1,085	329	3,756	1,073	30,517	9,169	4,311	978
Total	107,680	25,478	93,774	29,196	9,305	2,091	8,518	2,287	46,871	13,820	266,148	72,872	28,419	5,663

SCHEDULE No. 3

SWIFT CANADIAN CO. LIMITED

Fiscal year ended	(A) Sales to trade of meat (000 omitted)	(B) Packing plant sales of meat † (000 omitted)		(C) Total all sales (000 omitted)		(D) Profit or loss (−) from meat operations before deducting inventory reserve and taxes on income	(E) Profit or loss (−) from all departments before provision for taxes on income and inventory reserve	(F) Net profit or loss (−) from all operations
	lbs.	lbs.	$	lbs.	$	$	$	$
October 31, 1936	253,931	252,954	25,283,359	‡	44,336	136,737	1,055,093	879,531
October 30, 1937	256,281	252,647	28,013,796	‡	49,566	237,439	616,407	510,544
October 29, 1938	227,430	210,853	25,910,701	‡	45,377	(−)270,517	(−)18,264	(−)18,264
October 28, 1939	222,059	202,344	24,095,235	‡	43,068	(−)194,857	262,499	*172,104
October 26, 1940	269,635	272,254	34,483,584	‡	55,479	218,404	748,617	*497,189
November 1, 1941	322,665	322,766	46,574,155	‡	72,533	767,073	2,484,431	*228,050
October 31, 1942	337,753	345,411	59,605,170	514,303	89,197	893,308	2,528,783	*832,739
October 30, 1943	349,216	369,184	71,287,945	510,683	101,842	806,547	2,971,585	*1,776,721
October 28, 1944	422,426	439,859	88,691,366	615,849	125,100	982,449	3,350,393	*1,576,865
October 27, 1945	370,589	386,526	77,967,221	587,082	117,509	1,212,966	2,957,878	*1,106,611
October 26, 1946	316,754	318,990	66,484,448	518,857	103,962	(−)151,487	1,670,391	*949,907
November 1, 1947	262,276	264,920	62,544,029	477,796	106,670	(−)1,155,276	1,179,319	(−)13,681

† Packing Plant Sales of Meat includes some duplication as the result of interplant sales—which it has not been feasible to eliminate.

‡ Figures not available.

* After adjustment of excess provisions made in prior years for income and excess profits taxes and refunds of vegetable oil subsidies in 1943 and 1946.

Schedule No. 4

SWIFT CANADIAN CO. LIMITED

—	A. Packing plant sales of meat (000) omitted	B.	C. Profit or loss (—) from operations of meat departments (including selling outlets) before deducting inventory reserves and taxes on income
	lbs.	$	$
1946			
January	29,560	5,836,484	(—) 54,810
February	33,027	6,653,172	(—) 144,700
March	23,336	4,714,881	(—) 15,109
April	19,578	4,127,029	60,962
May	19,543	4,405,084	8,452
June	19,699	4,391,130	(—) 79,367
July	21,195	4,602,628	(—) 50,840
August	28,956	6,127,561	(—) 153,782
September	23,912	5,161,087	(—) 155,635
October	25,150	5,229,540	(—) 230,834
November	41,467	8,685,338	207,226
December	25,165	5,313,185	(—) 29,872
1947			
January	24,226	5,285,956	(—) 30,722
February	25,992	6,059,668	(—) 44,154
March	20,592	5,068,528	48,087
April	17,406	4,490,114	(—) 92,060
May	25,149	6,307,278	(—) 195,613
June	17,634	4,541,186	(—) 205,413
July	21,125	5,268,388	38,296
August	25,593	6,268,344	(—) 7,280
September	4,201	1,061,967	(—) 365,877
October	16,370	4,194,077	(—) 477,894
November	40,396	9,803,152	903,479
December	28,202	6,810,963	308,643
1948			
January	23,849	6,389,530	132,456
February	32,261	8,729,963	(—) 192,602

Packing Plant sales of meat includes some duplication as the result of interplant sales, which it has not been feasible to eliminate.

Schedule No. 5

SWIFT CANADIAN CO. LIMITED

Inventories

(000 lbs. omitted)

—	Oct. 26 1946	Nov. 1 1947	Dec. 28 1946	Jan. 3 1948	Jan. 25 1947	Jan. 31 1948	Mar. 1 1947	Mar. 6 1948
Beef—								
(a) Frozen beef	3,436	1,098	3,484	4,915	2,034	5,252	1,093	4,190
(b) Other beef	2,938	2,469	2,151	4,157	1,572	3,788	1,532	3,696
(c) Total beef	6,374	3,567	5,635	9,072	3,606	9,040	2,625	7,886
Pork—								
(a) Freezer pork	803	3,295	6,190	7,398	7,136	12,696	5,900	14,189
(b) Other pork	5,516	7,281	5,627	8,813	5,496	10,404	6,316	9,626
(c) Total pork	6,319	10,576	11,817	16,211	12,632	23,100	12,216	23,815
(d) Pure lard	137	148	224	304	184	608	130	505

SCHEDULE No. 6

SWIFT CANADIAN CO. LIMITED

(a) We accept the prices for steers as set out in the Weekly Livestock Market Review issued by the Marketing Service of the Department of Agriculture.
(b) Prices actually paid for A Grade Hogs Winnipeg:

September, 1939 .... Not available.

Weeks ending—

1947		
August	2	$20,56 cwt. warm dressed weight
	9	20.69
	16	20.66
	23	20.86
	30	20.56
September	6	x
	13	x
	20	x
	27	x
October	4	x
	11	x
	18	x
	25	22.71
November	1	22.26
	8	22.03
	15	22.09
	22	22.05
	29	22.02
December	6	22.05
	13	21 96
	20	21.72
	27	22.17
1948		
January	3	23.20
	10	27.58
	17	27.55
	24	27.58
	31	27.65
February	7	27.59
	14	27.66
	21	27.65
	28	27.66
March	6	27.62
	13	27. 3

x Strike—Plant closed.

SCHEDULE No. 7

SWIFT CANADIAN CO. LIMITED

PURCHASES—DRESSED WEIGHT

(000's omitted)

—	Beef cattle	Hogs
1939		
September	9,212	6,079
1947		
August	12,859	7,962
September	1,807	2,375
October	8,293	10,080
November	26,847	25,118
December	13,022	15,130
1948		
January	13,331	18,208
February	13,589	16,405

SCHEDULE No. 8

SWIFT CANADIAN CO. LIMITED

(A) BEEF—(000' lbs. omitted)

—	Sales to meat board for United Kingdom	Other export sales	Domestic sales	Total sales
1947				
August	194	151	10,185	10,530
September	83	....	3,510	3,593
October	614	5	4,370	4,989
November	5,736	185	9,714	15,635
December	4,899	59	7,631	12,589
1948				
January	1,543	6	9,481	11,030
February	1,972	119	11,547	13,638

(B) PORK—(000' lbs. omitted)

1947				
August	3,443	232	3,384	7,059
September	410	....	1,180	1,590
October	2,434	251	2,601	5,286
November	8,185	383	4,989	13,557
December	5,909	279	4,274	10,462
1948				
January	4,178	213	2,856	7,247
February	7,522	230	3,457	11,209

SCHEDULE No. 9

SWIFT CANADIAN CO. LIMITED

(a) Costing Method on Beef

66 Steers—79,775 live weight @ $17.20 per cwt.	$	13,721.30	
Add Expenses—Killing and dressing 44,289 @ 79 cts. per cwt.		349.88	
Total cost			$14,071.18
Deduct Credits—			
Hides—5,827 @ $13.05 per cwt.	$	760.42	
Other by-products $11.87 per M lbs. alive		946.93	
Total Credits			$1,707.35
Dressed value plant cost			$12,363.83
Shrunk dressed weight yield 55·5% = 44,289			
Plant dressed value	$12,363.65 ÷		
Net dressed weight	44,289 =	$ 27.92	
Average plant cost per cwt.			
Plus beef carcass department expense per cwt.		0.49	
Equals dressed cost per cwt.			$ 28.41

SCHEDULE No. 9—*Continued*

SWIFT CANADIAN CO. LIMITED

(b) Costing Method on Pork

We purchase hogs on a warm dressed weight basis graded on the rail by government graders.

Example

Grade	Number of carcasses	Weight range	Warm dressed weight	Price 100 lb.	Amount
				$ cts.	$ cts.
A	11	140/170	1,762	28 75	506 57
B1	5	135/175	819	28 35	232 19
B2	.....	125/134	.....	.....	.....
B3	2	176/185	359	27 75	99 62
C	1	120/185	156	26 75	41 73
D	4	120/185	566	26 50	149 99
Total	23		3,662		1,030 10

= chilled weight 3,573 lbs.

Killing expenses 92 cts.—cwt. chilled weight	32 87
	1,062 97
Killing credits 94 cts.—cwt. chilled weight	33 59
Cost of hogs chilled on rail in cooler	1,029 38
= Cost per cwt. chilled	28 81

Mr. DYDE: Schedule 1 is made up by the company in answer to a question contained in a letter from me to the company in which I asked the company to set out, among other things, a short history of the company and certain particulars with regard to it. I believe the only matter which is not evident at first sight is on the second page (i), where the words appear, "End of October period". That is an answer to my question as to the date of the end of the fiscal year of the company.

Mr. IRVINE: What is the meaning of "G" at the top, "None"?

Mr. DYDE: I asked for the names and addresses of subsidiary companies, if any, engaged in the meat industry.

Mr. JOHNSTON: I do not think you gave the exhibit number of this document. You said it would be an exhibit.

The VICE-CHAIRMAN: That would be wrong; it will be put in as though read at this point. It will not actually be an exhibit. It is now taken as being read into the record.

Mr. DYDE: I am hurrying through the pages, although we may come back to some of them, in order that you will have this information.

The VICE-CHAIRMAN: (*e*), I take it is a list of the directors.

Mr. DYDE: That is correct.

Mr. IRVINE: Mr. Dyde, I did not quite catch your comment on (i); was that the end of the month period?

The VICE-CHAIRMAN: The fiscal year; the end of October is the end of the fiscal year.

Mr. DYDE: Then, Schedule 2 was in answer to a question in which I requested for each of the twelve months, March, 1947 to February, 1948 inclusive, the volume of meat sales of the company, including subsidiaries engaged in the meat industry, expressd in dollars and pounds.

In that connection, I went on to say that when dealing with the heading, "Other meat products", the company might subdivide that item as it wished, and would indicate whether by-products were included or not. I think, Mr. Millard, I am correct in saying that the by-products appear in the right hand column of Schedule 2 and are not included in, "Other meat products".

Mr. MILLARD: Yes, that is correct.

Mr. DYDE: In case there is some question concerning Schedule 3, it is an answer to our request as follows: For each fiscal year during the period 1936 to 1947 inclusive, state the sales of meat in pounds, total sales, profit from operations of meat departments before deducting bond interest, inventory, reserve and taxes on income; profits from operations of all departments before deducting bond interest, inventory reserve and taxes on income and net profit after taxes.

The answers which are given indicate pretty well the question which was asked.

Then, with regard to Schedule 4, the company was asked to bring, for each month during the calendar years 1946 and 1947 and for January 1948 and, if available, for February, 1948, the sales of meat in pounds; the sales of meat in dollars and the profit from operations of the meat department before deducting bond interest.

Schedule 5 was in answer to a question re the inventories. As it appears from the schedule itself, we asked that the inventories be shown as of the dates which appear in the schedule.

In schedule 6—you will recall I referred to this matter when we were discussing Mr. McLean's evidence—I asked for the company to state the weekly average prices which the company actually paid (*a*) for good butcher steers and (*b*) for grade A hogs at Winnipeg. You will recall that the prices which were asked of Mr. McLean were for Toronto. I asked Mr. Millard if he would give us the Winnipeg prices during September 1939, and from August 1943 to March 15, 1948. Again I said if, in the case of beef, you are unable to produce these figures please state whether or not you accept the prices for steers as set out in the weekly livestock market review. You will note Mr. Millard has said in his subparagraph A that he accepts the prices for steers as set out in the market review and has given the prices actually paid at Winnipeg for grade A hogs.

Then, Schedule 7 is an answer to a question asked the company to state the total, in pounds, dressed weight of actual purchases by the company of (*a*) beef cattle and (*b*) hogs, during September 1939 and monthly or by four week periods from August 1947 to March 15, 1948.

Schedule 8 is an answer to a request to state the total sales, in pounds, by months or four week periods, from August 1947 to March 15, 1948, for both beef and pork, broken down into sales to the meat board for the United Kingdom, other export sales and domestic sales. Mr. Millard has added total sales to that.

Then, schedule 9, consists of two pages, and is in answer to a very short question asked the company to supply the costing method as employed by the company for both beef and pork. I will have more to say about that schedule when we deal with it in a few moments.

Mr. Chairman, I thought in the case of these witnesses, we might run through this document page by page. I have a few questions to ask, not on every page, but a few questions to ask and when we have covered this document, I will have certain other general questions I should like to ask Mr. Millard and his officers. Following that, of course, the members of the committee may wish to ask further questions.

I have no questions to ask of Mr. Millard with reference to the material appearing in schedule 1, other than this: I should like to ask Mr. Millard or his officers to explain to the committee the operations of their plants and branch houses. Would you tell the committee, Mr. Millard, generally the difference in the type of operations carried on by your branch plants and those carried on by your branch houses, so-called.

Mr. MILLARD: We have seven meat packing plants across Canada. They buy live stock and process it. The resulting meats, fresh meats, smoked meats, sausage and other manufactured products, are transferred or, if you like, sold because they are invoiced, to our wholesale branches. Those wholesale branches sell to the retail trade.

Now, also, in our meat packing plants, we operate what we call country routes direct from the plants in each province. The branch houses, generally speaking, service the city trade where they are located and, sometimes, they have country routes, where they are not covered by the plant country routes.

Mr. DYDE: Well then, Mr. Millard, in the figures which you have given to the committee in the latter pages, are we to understand that those figures include the business of the branch houses as well?

Mr. MILLARD: In all cases the result figures include the entire operation of the business; that is, the plants or the branch houses.

Mr. DYDE: Going to Schedule 2, I call attention to the fact that these figures in all cases as stated at the bottom of the page omit the three 000's. It is the page on which Mr. Millard shows the volume of meat sales in dollars and pounds. An explanation of your headings, Mr. Millard, I go to the fifth column headed "total meat products"; would you explain what "other meat products" include?

Mr. MILLARD: "Other meat products" include all fancy meats, sometimes referred to as offal. We call it fancy meats. It includes all sausage products, all cooked hams and all canned meats.

The VICE-CHAIRMAN: As a matter of fact, ham and bacon are included in the pork?

Mr. MILLARD: Yes.

Mr. DYDE: And fancy meats do not get into the by-products at all in this under those circumstances?

Mr. MILLARD: No. We treat them as meat products and considered that you wanted it in there.

Mr. DYDE: I am not concerned about it except to make sure that we understand what is included in meat products and what is included in by-products.

Mr. MILLARD: Other meat products is separate?

The VICE-CHAIRMAN: By-products would be the parts of the animal that are not edible by humans?

Mr. MILLARD: Well, not 100 per cent.

The VICE-CHAIRMAN: There is some even in by-products that is represented as food.

Mr. MILLARD: For instance, casings—containers for sausage and meat—they are edible.

Mr. DYDE: Do you include them in by-products?

Mr. MILLARD: That is it.

Mr. DYDE: Can you say briefly what is included in by-products as far as your beef is concerned?

Mr. MILLARD: Hides, casings, tallow, oleo oil, tankage and so on.

Mr. DYDE: As far as pork is concerned the by-product would include, what? I do not mean exhaustively.

Mr. MILLARD: Casings, grease, tankage, bones—

Mr. DYDE: Now, you have a strike period, I think roughly corresponding to September and October of 1947, is that correct?

Mr. MILLARD: I think my dates are correct; it started on August 27, and ended on October 22. The strike was eight weeks.

Mr. DYDE: And so when we are considering the figures with respect to September and October of 1947, we have to take into account the fact that all of September was a strike period and that up to October 22, was in a strike period?

Mr. MILLARD: That is right.

Mr. DYDE: Then we come to the November and December, 1947, sales on Schedule 2. I note that sales to the trade in beef increased very greatly over September and October. I run down that column and I find that in September beef sales were 3,500,000; in October nearly 5,000,000, but in November they reached between 15,000,000 and 16,000,000, and in December over 12,500,000. Now there is one question that perhaps you could help us with; can you say whether in November and December you pretty well pick up the shortage of the strike period?

Mr. MILLARD: I would not say that. We will never pick it up. That is gone forever.

Mr. DYDE: Would you say that these figures for November and December, 1947, still in the beef column, would you say that that was a normal total of sales for that period of the year?

Mr. SWAN: Slightly heavier.

Mr. DYDE: And if you will go to the third column which is "number of pounds", under pork, would the same remark be true? You are low in the period September and October and then you increased considerably in November and December. Is that normal or is it slightly above normal?

Mr. MILLARD: I would say it is slightly above normal, because during the strike period I think the hogs were held back and then came on to the market in greater numbers and we had an increase.

Mr. DYDE: Then would you look at the figure for February of 1948, both in number of pounds of beef and number of pounds of pork; have you any explanation for the increased sales in February of 1948; both beef and pork?

Mr. MILLARD: For January?

Mr. DYDE: Yes.

Mr. MILLARD: Well, January is a four-week period and February is a five. We run two four weeks and a five in a quarter.

Mr. MAYHEW: Before you leave Schedule 2, there I would like to have some more explanation of the sales of meat and the sales of by-products. Are we to understand—no. I look at the column headed "total sales in pounds" for November last—36,000,000 pounds—around 37,000,000 pounds; is that correct?

Mr. MILLARD: Yes.

Mr. MAYHEW: Which would give you 3,889,000 pounds of by-products. Now, in February 30,000,000 pounds of meat would give you as much as September—

Mr. MILLARD: I think I can explain that, Mr. Mayhew. The by-products—hides and pelts and calfskins—getting back to November there of 3,889,000—that might be an accumulation back during the strike and might not have anything to do with that particular month. It takes thirty days to cure them before you sell them, before the other people take delivery.

Mr. LESAGE: Bu I notice that the proportion is greater in February than it was in November. I would think the explanation if any would be the other way around, Mr. Millard.

Mr. MILLARD: You see, Mr. Lesage, you come to December of 1947, the by-products is only 1,879,000. They might have been held back and shipped out in February.

Mr. LESAGE: Oh, that is where it is, the result is the same.

Mr. MILLARD: There is that lag in delivery.

Mr. DYDE: They did not move at the same speed proportionately, that is the by-products and the actual meat products—they did not move from your plant at the same rate?

Mr. MILLARD: Fresh meat goes out right away.

Mr. MAYHEW: Could you give us some further explanation of the increase all across the boards on all these products in November. You see, that didn't have any relation to the meat strike. You appear to have a big volume in the other months, but it is nearly three times the normal flow of business practically all the way across the boards. Did your beef jump from a flat around 6,000,000 to 7,000,000, up to 15,000,000?

Mr. MILLARD: Of course.

Mr. MAYHEW: And pork did the same, they both show the same relationship?

Mr. MILLARD: We were on strike until October 22, and there was some hold-back of livestock and then when we got into November you get into the very heavy fall runs of livestock and it is natural of course to increase during those months.

Mr. MAYHEW: Well then, these November and December sales would be about normal, would they; that November and December would be pretty nearly normal?

Mr. MILLARD: Normal, or a little more over a period of years.

The VICE-CHAIRMAN: Have you the figures with you for November in the former years?

Mr. MAYHEW: It will be a little higher for November of this year.

Mr. MILLARD: I think—yes. I would say offhand, yes; because of the hold-back on account of the strike.

Mr. MAYHEW: And in December and January you would be just about normal?

Mr. MILLARD: We will look up the kills of those months compared with the previous kills. 57,000 cattle in November of 1946; 58,000 in 1947. December of 1946, 28,000; 27,000 in 1947. Those are the kills.

Mr. MAYHEW: So that it was really about normal?

Mr. MILLARD: 57 and 58, 28 and 27; as a matter of fact, those figures are 85 per cent over the two years for these two months.

Mr. MAYHEW: And that is the amount of cattle coming in?

Mr. MILLARD: They are heavy. In fact, that is the season of the year when we put on double gangs.

Mr. DYDE: Before you put those figures away, could you give us the kills in pork for those two years?

Mr. MILLARD: The figure for the kill of hogs in November 1946 is 94,000 for November, 1947, 154,000; December 1946, 76,000; December 1947, 96,000.

Mr. DYDE: I now propose to move to Schedule 3.

The VICE-CHAIRMAN: Mr. Dyde, for whatever value there may be in this observation if I look ahead to Schedule 4 I see that packing plant sales are higher in November 1946 than for the same month of 1947. That fact ties in with the evidence which has just been given on the point. Do you notice that, Mr. Mayhew?

Mr. LESAGE: In dollars?

The VICE-CHAIRMAN: The first column is in pounds—the dollar situation is $8,685.000 as against $9,803,000. There is a difference there. The volume is greater in November 1946 than in November 1947.

Mr. DYDE: On Schedule 3, Mr. Millard, as the result of a conversation which I had with you, I think you can now give us the figures per pound which may be added to the figures given?

Mr. MILLARD: Yes.

Mr. DYDE: Before you start let us make sure that we are at the right place. I would like you to put in the column showing the cents per pound following column "D". The figures will represent cents per pound profit or loss from meat operations before deducting inventory reserve and taxes on income.

Mr. MILLARD: I will start reading the figure for 1936.

The VICE-CHAIRMAN: The figure will go opposite $136,737.

Mr. MILLARD: Yes. The figures are: $\frac{1}{20}$, $\frac{1}{11}$, $\frac{1}{8}$—loss, $\frac{1}{12}$—loss, $\frac{1}{12}$, $\frac{1}{4}$, $\frac{1}{4}$, $\frac{1}{4}$, $\frac{1}{3}$, $\frac{1}{20}$—loss, $\frac{2}{5}$—loss, and total in that column is $\frac{1}{10}$ of a cent.

Mr. DYDE: You have averaged what items to obtain that figure?

Mr. MILLARD: We have taken the sales and the results.

Mr. DYDE: Now can you do the same thing for column "E" and give the additional figures?

Mr. MILLARD: Column "E" is profit or loss from all departments before provision for taxes on income and inventory reserve, and you will notice in column "C" that we were unable to get the figures for the years 1936 to 1941. They were not available and the figures which I will read now start opposite $2,528,783. The figures are $\frac{1}{2}$, $\frac{3}{5}$, $\frac{1}{2}$, $\frac{1}{2}$, $\frac{1}{3}$, $\frac{1}{4}$, and the total is $\frac{2}{5}$ of a cent.

Mr. DYDE: And can you give us the figures for column "F"?

Mr. MILLARD: Yes, starting opposite $832,739 the figures are $\frac{1}{6}$, $\frac{1}{3}$, $\frac{1}{4}$, $\frac{1}{5}$, $\frac{1}{5}$, a dash opposite the last figure and the total is $\frac{1}{5}$.

Mr. MAYHEW: You do not use red ink.

Mr. MILLARD: I forbid it, but they still bring it into the plants.

The VICE-CHAIRMAN: You have given us only five fractions, is that right?

Mr. MILLARD: Yes, but the figure for November 1, 1947, cannot be computed

The VICE-CHAIRMAN: That is where the dash should be inserted?

Mr. MILLARD: Yes.

Mr. DYDE: At the moment I have no further questions with respect to that page.

Mr. LESAGE: Mr. Dyde, I would like to have an explanation as to the first footnote?

Mr. MILLARD: "Packing plant sales of meat includes some duplication as the result of interplant sales—which it has not been feasible to eliminate."

Mr. LESAGE: Yes.

Mr. MILLARD: For instance our Edmonton plant might ship a carload of hams to the Toronto plant. Edmonton would show it as a sale and Toronto would take it in and show it as a sale. Those are interplant sales.

Mr. LESAGE: When you gave the fractions of a cent per pound profit in column "D" a minute ago did you take that factor into account?

Mr. MILLARD: Column "D" reflects our entire business right down to the last nickel.

Mr. LESAGE: But you say that in 1945—the fiscal year ending October 1945—your profit was ⅓ of a cent per pound?

Mr. MILLARD: Yes.

Mr. LESAGE: In certain cases it would be ⅔ of a cent per pound if there was some duplication?

Mr. MILLARD: No, that ⅓ of a cent was arrived at by dividing the sales of meat to the trade into the returns, and it did not have anything to do with interplant sales. It reflects sales to the trade and the total profit on the entire sales.

Mr. LESAGE: Oh, yes, I understand.

Mr. MAYHEW: Those figures under columns "E" and "F" represent a consolidation of all plants in Canada?

Mr. MILLARD: Yes.

Mr. DYDE: Plants and branches?

Mr. MILLARD: Yes, everything.

Mr. LESAGE: Have you a stock feed department in your company?

Mr. MILLARD: Yes.

Mr. LESAGE: You transfer meat meal which comes from the tankage to the stock feed department?

Mr. MILLARD: When a product is wet rendered we call it tankage and when it is dry rendered we call it meat stock.

Mr. LESAGE: At what value do you transfer that material?

Mr. MILLARD: We transfer it at the market value.

Mr. LESAGE: The market value at what stage?

Mr. MILLARD: It is the price at a certain value on the protein analysis.

Mr. WINTERS: Are all your transfers made a market value—I am speaking of your internal transfers?

Mr. MILLARD: I do not understand the question.

Mr. WINTERS: Are all your transfers made a market value—that is transfers from branches to houses?

Mr. MILLARD: Yes.

Mr. LESAGE: Does that apply to transfers from the meat department to the stock department?

Mr. MILLARD: Yes, we try to make each department stand on its own feet and that is why it is transferred in that fashion.

Mr. LESAGE: In what condition is the tankage when you transfer it to the meat department? Is it in meat scrap or what stage has it reached?

Mr. MILLARD: Meat scrap is in the stage in which it comes out of the expeller and it goes in there with the grease in it. The grease is forced out in the form of what we call cracklings—it comes out looking like cornflakes.

Mr. LESAGE: And the market value for that is so much a ton?

Mr. MILLARD: That is right.

Mr. LESAGE: Your profit of $\frac{1}{3}$ of a cent in 1945 would include the profit of $\frac{1}{3}$ of a cent on this scrap meat also?

Mr. MILLARD: No, that $\frac{1}{3}$ of a cent has reference only to our meat operations.

Mr. LESAGE: But that is a meat operation?

Mr. MILLARD: No, we do not include that item because it is what we call a by-product.

Mr. LESAGE: I understand that your sales of meat and the total of all your sales in column "C" would include by-products?

The VICE-CHAIRMAN: All sales?

Mr. MILLARD: Yes, all sales, and column "D" is profit and loss from meat operations.

Mr. LESAGE: Well meat operations would include the sale of by-products would it not?

Mr. MILLARD: No.

Mr. LESAGE: The losses there in column "D" for 1946 and 1947 are shown without taking into account the fact that you sold by-products coming from the animals you bought?

Mr. MILLARD: Yes, that is right; it is just meat operations.

Mr. LESAGE: Could we have the profit or loss taking into account the sales of by-products?

Mr. MILLARD: That is covered in column "E".

The VICE-CHAIRMAN: Profit and loss on by-products alone is not given?

Mr. MILLARD: No.

Mr. LESAGE: What is included in column "E" that is not included in column "D"?

Mr. MILLARD: "E" includes everything we handle.

Mr. LESAGE: It includes butter?

Mr. MILLARD: Yes.

Mr. LESAGE: I want the figure for your meat department including by-products of meat but not butter and cheese and so on?

Mr. MILLARD: We have not got the results of the by-products.

Mr. LESAGE: I would like the result of your total operations from the buying of cattle and the selling of the whole of them?

Mr. MILLARD: Yo mean beef, hides, and tallow?

Mr. LESAGE: Not separately.

Mr. MILLARD: No, but all together. We have not got those figures.

Mr. LESAGE: We do not have a true picture here of your profit and loss situation as far as the total meat operation is concerned, because the sale of by-products from meat is a very important item according to what we have learned from Canada Packers.

Mr. MILLARD: We have not got it for those years and it would be an enormous amount of work and it would not be accurate. In our branches, for instance, casings are all lumped together as are hides.

Mr. LESAGE: I would like the figure because we do not know what the complete picture is.

Mr. Dyde: I raised that question with Mr. Millard some days ago and I think I am correct in quoting him as saying his method of accounting was such that it would take a very long time to get that information, and it would not have been possible to get it in the time I had given him to prepare.

Mr. Mayhew: Column "E" as far as dollars and cents are concerned would include by-product operations as well.

Mr. Millard: Yes.

Mr. Dyde: As Mr. Lesage points out it also includes butter and other products.

Mr. Mayhew: It includes the whole operation.

The Vice-Chairman: You handle cheese. Cheese is in E?

Mr. Millard: Yes, sir.

The Vice-Chairman: You handle eggs?

Mr. Millard: Yes, sir.

The Vice-Chairman: That is in E?

Mr. Millard: Yes.

The Vice-Chairman: Butter is in E?

Mr. Millard: Everything.

The Vice-Chairman: Is there anything else like that? Have you any other commodities that are in there besides the by-products of the animals?

Mr. Millard: Poultry.

The Vice-Chairman: That is in there. So in getting the story of an animal that has entered your plant we can get it from this picture here so far as the meat on it is concerned?

Mr. Millard: That is right.

The Vice-Chairman: But when we want to extend that to get the story of the hide and the tallow and the casings we can only get that by also taking at the same moment the story respecting butter, eggs, poultry and so forth? Is that right?

Mr. Millard: That is correct.

Mr. Lesage: I will go back to Schedule 2. You have a column entitled "By-products." We have there, for instance, the total sales for the calendar year of by-products. That is by-products of all cattle, hogs, all animals that came in?

Mr. Millard: That is right.

Mr. Lesage: It is separated here. What expenses would we have to put against the amount of sales that we see there?

Mr. Millard: What expenses?

Mr. Lesage: Yes. I am trying to see if it is at all possible to arrive at the result. We have the amount of sales of by-products. What is the cost involved there? If we knew the cost we could get the result.

Mr. Millard: That is practically impossible for me to answer because you have got 7 plants and 25 wholesale warehouses, and different expenses, different methods of computing expenses, so I do not think it is possible for me to give an answer.

Mr. Lesage: In your accounting system where do these by-products come?

Mr. Millard: Where do they what?

Mr. Lesage: Under what heading in your accounting system? In your accounting system where do by-products come, under what heading?

Mr. Millard: You had better explain that.

Mr. LANDON: We have separate records for our by-products. We call them departmental statements, hides, tallow, tankage, casings, fancy meats, oleo oil, calf skins, pelts, wool, etc.

Mr. LESAGE: Do I understand that fancy meats are not included in column C?

Mr. LANDON: C on Schedule 3?

Mr. LESAGE: Yes.

Mr. LANDON: Fancy meats are in that.

Mr. LESAGE: The only thing that is not there is by-products.

Mr. LANDON: No, column C is the total of all sales. Everything is included in there.

Mr. LESAGE: And column B?

Mr. LANDON: Column B is just meat, and we have included in meat fancy meats as they are meat.

Mr. LESAGE: They are included. The only thing that is not included is by-products?

Mr. LANDON: Everything but the inedible products.

Mr. LESAGE: Inedible products?

Mr. LANDON: Yes.

Mr. MERRITT: Am I right in thinking from column D that in the year ending November 1, 1947, you have sold all kinds of your cuts of meat to the consumer at less than the cost to you?

Mr. MILLARD: That is right.

Mr. LESAGE: If you do not include by-products, but you will have to agree that in 1946, for instance, if you add the profits you made on by-products it would considerably change the figure of profit or loss in column D.

Mr. MILLARD: I grant you that.

Mr. LESAGE: But Mr. Dyde asked for the profit or loss from meat operations.

Mr. LESAGE: We have some figures in the case of Canada Packers, Mr. Dyde?

Mr. DYDE: Yes.

Mr. LESAGE: So that we can see to what extent it changes the figures. Where can we find that in the Canada Packers exhibit? I remember very well that we discussed that point.

The VICE-CHAIRMAN: In the year ending November 1, 1947 it has been said you sold your meat at a price less than it cost you, but you made up that loss by the by-products because you did not have an over-all loss on that department, did you?

Mr. MILLARD: It was not all by-products.

The VICE-CHAIRMAN: What else was there then?

Mr. MILLARD: Well, there was butter.

The VICE-CHAIRMAN: That is as shown here on this statement. I was not relating my question to this statement but asking you whether it was a fact that you had made a profit on your slaughterings, let us say, on the business which came from slaughterings, which does not include butter or eggs. Is that right, that there was a profit on that department?

Mr. LANDON: It may be and it may not be. If you were able to determine the profit on the sale of by-products it might bring this into a profit or it might leave it at a loss.

The VICE-CHAIRMAN: My question was are you able to state whether you made a profit in that section of the business?

Mr. LANDON: Excuse me, but I think what Mr. Millard said was that it could be determined but it would take a terrific amount of work.

The VICE-CHAIRMAN: Even for that one year, 1947?

Mr. LANDON: To go back 12 years.

The VICE-CHAIRMAN: My question was related to that year ending November 1, 1947, respecting which it was said you had sold your cuts of meats at less than they had cost you. My question related to that. Now I say, however you put in your by-products, will that show you had a profit on the business that originated with the slaughtering of animals?

Mr. MILLARD: Not necessarily. It might reduce the loss considerably.

The VICE-CHAIRMAN: You do not know whether it did reduce the loss?

Mr. MILLARD: No.

The VICE-CHAIRMAN: You do not know whether it turned the loss into a profit?

Mr. MILLARD: No.

The VICE-CHAIRMAN: You only know that it turns into a profit when you add to your meat sales your by-products, your butter, your eggs and your poultry?

Mr. MILLARD: And our wool business, our glue business.

The VICE-CHAIRMAN: In other words, there is no point at which you can stop and determine whether or not you have a profit in between sales of meat and sales of everything?

Mr. MILLARD: Not with any degree of accuracy because as I said with our 25 wholesale warehouses they throw casings in together, and tallow is all in together, and fancy meats are all in together.

Mr. LESAGE: On that very point, would you pursue my question, Mr. Dyde? You have looked at page 7 of Canada Packers' exhibit.

Mr. MILLARD: Pardon?

Mr. LESAGE: I am asking Mr. Dyde to help me.

Mr. DYDE: This is a page of figures, Mr. Millard, that you probably have not seen before. It was submitted by Canada Packers. You will notice on page 7 that we have this broken down because we have here by-products, and then profit or loss per pound of meat, total meat and by-products, and profit or loss per pound. How long would it take the Swift Canadian Company to give a similar figure? You can confine it for the moment to a particular year, 1947. Would that be a monumental piece of work?

Mr. MILLARD: Of course, if you are going to get it accurate by different departments, beef, lamb, veal, and pork, you would have to go through and redistribute every invoice for that year.

Mr. LESAGE: Canada Packers said they could not separate the total by-products as beef, lamb, pork, and so on. We were satisfied with the over-all figure for by-products.

Mr. MILLARD: Oh, I thought you were talking about the individual species.

Mr. LESAGE: No, the over-all figure for by-products from all your meat departments.

Mr. MILLARD: Have you anything in 1947?

Mr. LANDON: I have the figures for 1947.

Mr. MILLARD: Mind you, these figures Mr. Landon has are not split up into beef, veal, lamb or so on.

Mr. LESAGE: I am not asking for that.

Mr. MILLARD: I beg your pardon, I thought you were.

Mr. LESAGE: I am not asking for that.

Mr. Millard: Then I was mistaken.

Mr. Lesage: I understand it is not possible to get that.

Mr. Millard: You cannot separate them because a lot of them are thrown in together.

The Vice-Chairman: You were thinking in talking about splitting up by-products from meat that it was desired with respect to each class?

Mr. Millard: Under the various headings, yes.

The Vice-Chairman: No.

Mr. Lesage: We did not understand each other. We have lost a lot of time.

Mr. Millard: It is my mistake, I guess. Have you got the total by-products credit for 1947?

Mr. Landon: Yes. The by-products credit that will compare with a loss of $1,155,000 on meat is a profit of $883,498.

The Vice-Chairman: That is to compare with—

Mr. Landon: $1,155,000 loss.

Mr. Millard: In other words, this $1,155,000 would be reduced by $883,498, taking all the by-products in.

Mr. Lesage: All the by-products from the meat department.

Mr. Landon: That is right.

Mr. Millard: Hides and calf skins.

Mr. Lesage: What is it for 1946?

Mr. Landon: I have not got 1946.

Mr. Lesage: Have you any previous year?

Mr. Landon: No.

Mr. Lesage: You would have to work that out? You could not find that in your books?

Mr. Landon: We can obtain it if that is what you mean, but we have not got it with us.

Mr. Thatcher: Is that abnormally high?

Mr. Landon: That is abnormally high on account of hides.

Mr. Millard: We had a hide inventory appreciation.

Mr. Lesage: That is why I want 1946. I know in 1947 the price of hides was very high.

Mr. Millard: That was the end of our fiscal year. I think hides jumped 20 to 29—

Mr. Thatcher: That was when the ceilings came off? Your hide prices went up, and whatever you had on hand you made this large profit on a good portion of it?

Mr. Millard: We priced our inventory up.

Mr. Thatcher: So a good portion of that $883,000 profit on hides would be from that inventory appreciation?

Mr. Millard: Yes.

The Vice-Chairman: I want to get that clear. This $883,498 is the profit on by-products?

Mr. Landon: Yes.

The Vice-Chairman: But that is not sufficient to make a total over-all profit?

Mr. Millard: On the meat operation, correct.

The Vice-Chairman: Is that correct?

Mr. MILLARD: That is correct.

The VICE-CHAIRMAN: So in the year ended November 1, 1947 you say it is still true that you sold your meat, including by-products, all at a price less than it cost you?

Mr. MILLARD: That is correct.

The VICE-CHAIRMAN: Is that correct?

Mr. MILLARD: Yes, sir.

The VICE-CHAIRMAN: And if it had not been for butter, eggs, poultry and such things allowing you to recoup you would have had an absolute loss?

Mr. MILLARD: We would have been sunk.

The VICE-CHAIRMAN: Butter, eggs, cheese and so forth were the swings against the merry-go-round, and when you made money on the swings you lost on the merry-go-round.

Mr. MILLARD: Then there is also glue and wool.

Mr. MAYHEW: That is reflected in D and E on Schedule 3, is it not? You transfer from $\frac{3}{8}$ of a cent a pound to $\frac{1}{4}$ of a cent a pound gain on the total?

Mr. MILLARD: That is right.

Mr. MAYHEW: That would be reflected there?

Mr. MILLARD: Yes.

Mr. THATCHER: Your year ends the end of October?

Mr. MILLARD: That is right.

Mr. THATCHER: Then in this last fiscal year for which you have figures you really have not got very much of the effect of price ceilings being removed on October 27. That will not really come into effect until the following year?

Mr. MILLARD: That is right.

Mr. THATCHER: All these inventory appreciations that appear in Canada Packers' fiscal year will not appear in your fiscal year?

Mr. MILLARD: Their fiscal year ends in March.

Mr. THATCHER: Exactly, and yours is in October, and it is six months between October and March.

Mr. MILLARD: We have our hide inventory appreciation; the closing inventory was marked up, you see.

Mr. THATCHER: That was January 20 and September 15, the changes in hide prices?

Mr. MILLARD: I think so.

Mr. THATCHER: That would be every department; your pork and beef and your butter, any appreciation you would have got from the price ceilings being removed would not be in those figures for the last year because your year ends on October 31.

Mr. MILLARD: Well, I think there is some of our butter profit in there.

Mr. THATCHER: The ceilings did not come off until after that date, did they?

Mr. LESAGE: The butter ceiling was removed on the 9th of June.

Mr. THATCHER: But the meat was not?

Mr. MILLARD: I think the meat ceiling was removed on October 22.

Mr. MAYHEW: You took your full appreciation on the hides in November, but did they not drop again early in the year? What happened then?

Mr. MILLARD: They certainly did; that was only an inventory profit which we thought was there and it was not. They went from 29 to 20 or 22.

Mr. MAYHEW: So, you would have to take an inventory depreciation?

Mr. MILLARD: We have to take it out of the till and put it back again now.

Mr. THATCHER: How would your inventory profits from October to March of this year compare with last year?

Mr. LANDON: We have not any figures with us, Mr. Thatcher, on that. I really could not answer your question without the figures.

The VICE-CHAIRMAN: Some of the profit figures would be changed?

Mr. LANDON: We have not any figures with us as a comparison.

Mr. THATCHER: I want the figures for the six months in 1947 and six months in 1948. You do not take your figures off monthly?

Mr. LANDON: We take our figures off monthly.

Mr. THATCHER: Could you not add them up quite easily?

Mr. LANDON: Yes, we have not them with us.

Mr. THATCHER: It would not be very difficult to get them?

Mr. LANDON: No.

Mr. THATCHER: I wonder if you could possibly obtain those figures for the committee, the profits you made in the last six months as compared with a year ago?

Mr. LANDON: We would not have the six months period until the end of this month.

Mr. THATCHER: Take the five months, starting November 1.

Mr. LANDON: It is not hard to get the information.

Mr. MILLARD: We will try to get it by telephone after this session.

Mr. THATCHER: That would be fine.

Mr. MILLARD: You want the two figures for the entire business?

Mr. THATCHER: Yes, I do not think the committee can tell, from looking at the October 31 figure how the inventory appreciation has affected the price level. We should have figures for the period from November 1 onward.

Mr. LANDON: Do I understand that you want our over-all profit for the five months?

Mr. THATCHER: That is right, to compare with a year ago.

Mr. LANDON: I could not get the figure for meats only, but we could get the over-all profit.

Mr. LESAGE: What about the meat operations?

Mr. MILLARD: We would have to go through the same procedure to get that figure as we did to get this one. We had, across Canada, about 125 men working on these figures.

Mr. THATCHER: You, Mr. Millard, being the president, would know offhand if the profit position is up or down. You would know whether you were doing better?

Mr. MILLARD: Yes, I would say we are doing better.

Mr. THATCHER: Is it quite a bit better?

Mr. MILLARD: It is quite a bit better.

Mr. THATCHER: Would you say that is due to an inventory appreciation or what is the reason?

Mr. MILLARD: No, as a matter of fact, on meats, we did not put our inventory prices up; we did not show the higher prices on meats in our closing inventory. I think our kills were up, we had more business.

Mr. THATCHER: Would you say, so far as the Swift Canadian Company is concerned, that your company is better off because price ceiling were removed, are your profits better? Are you making more money because price ceilings have been removed?

Mr. MILLARD: I will answer it this way; we are on a free economy now. We have a chance of getting our money out of our cattle. When we killed them before, we did not. We bought live cattle here, and here was the ceiling on it. When the live cattle price moved up, we could not move our price up. We were stymied right here. Now, with the ceilings off, we have a chance to go out, do a little trading and get our money back.

Mr. THATCHER: You have definitely benefited from the fact the ceilings have been removed?

Mr. MILLARD: There is no doubt about it.

Mr. DYDE: In that connection, before you—

Mr. MILLARD: Does that answer your question, or do you want us to try and get this information by telephone?

Mr. THATCHER: No, I do not think that is necessary. If you say your profits were greater this year.

Mr. MILLARD: Substantially better.

Mr. THATCHER: I think that is sufficient.

Mr. MAYHEW: What was the volume of your business as compared to the same months as last year? What percentage increase in volume did you have? There was a period of rationing in there.

Mr. MILLARD: You have asked me a stickler. I generally look at the profit and just squint at the volume. I could not give you an answer which would be correct, I would just be guessing.

The VICE-CHAIRMAN: In view of the fact Mr. Thatcher is satisfied with the answer you have given, that obviates the need for telephoning to secure the information. Would it not be desirable to file a letter giving the figures, after some few days, so they could be joined up with the evidence and, at the same time, take into consideration the volume, as Mr. Mayhew suggests.

Mr. MAYHEW: The volume has a great deal to do with the profits. The profits may show a considerable increase but the volume may also show an increase, so it would not be solely a reflection of the increase in price.

Mr. MILLARD: We would be glad to do that. You write us a letter and set out the information you desire.

The VICE-CHAIRMAN: Yes. It would thus join up with your evidence when we come to consider it later.

Mr. LESAGE: If you do write the letter, Mr. Dyde, would you ask for the credits, let us say for the years 1946, 1945 and 1944, for the by-products?

Mr. MILLARD: You mean right back to the twelve years?

Mr. LESAGE: No, three years.

Mr. MILLARD: It would take a little time to get that.

Mr. LESAGE: Yes, but when Mr. Dyde writes to you—

Mr. MAYHEW: Coming back to schedule three again, the total of your meat sales to the trade and your packing house sales, those two together give a volume of 527,196,000 pounds. You show your total sales as 477,796,000 pounds.

Mr. MILLARD: You cannot add them, Mr. Mayhew.

Mr. MAYHEW: The difference would be the inter-plant sales?

Mr. MILLARD: Column A shows sales to the trade and that means just what it says, sales to the trade. Now the packing plant sales consist of some inter-plant sales.

Mr. MAYHEW: That is what I say, the difference there would represent inter-plant sales, would it?

Mr. MILLARD: No, I would say 95 per cent of it would be sales to the branch houses who sold to the trade.

Mr. THATCHER: Would not that column indicate your sales volume trend is downward rather than upward, or am I wrong in that?

Mr. MILLARD: You mean there?

Mr. THATCHER: From November, 1 1947, when it was 262,000,000 pounds—you cannot tell offhand what the trend is?

Mr. MILLARD: You mean November 1, 1947?

Mr. THATCHER: Yes.

Mr. MILLARD: I would just be guessing, I would rather send the correct figure.

Mr. MERRITT: What caused the downward trend in sales, as Mr. Thatcher points out, from 1944 of 422,000,000 pounds down to 1947 when it was 262,000,000 pounds?

Mr. MILLARD: Of course, there was a tremendous decrease in the hog population which brought it down.

Mr. MERRITT: It is due to hogs, not beef?

Mr. MILLARD: I think so.

Mr. MERRITT: What brought that about?

Mr. MILLARD: Well, the farmers just did not breed hogs. They went out of them.

Mr. MERRITT: Why did they do that?

Mr. MILLARD: I do not know.

Mr. MERRITT: It is a steadily reducing trend. What is happening now, is producing going up or down?

Mr. MILLARD: It is going up. I think in the first three months of this year our hog kill across Canada has increased about 48 per cent; that is for the three months, 1948 as against 1947.

Mr. MERRITT: Is there any reason as to why that is happening? It was going down and now it is going up, apparently, quite sharply? Is there any explanation for that change in the trend of production?

Mr. MILLARD: Well, the farmers are getting more money for their hogs. This might be an inducement for them to breed more.

Mr. THATCHER: You do not think it is because the farmers are trying to get out of hog production and are slaughtering them?

Mr. MILLARD: No, that would have the adverse effect.

Mr. THATCHER: It would increase the number you would be slaughtering because a lot of farmers would be getting rid of their hogs and bringing them in to be slaughtered?

Mr. MILLARD: That would increase the sow run but, from my observation, when the farmers want to get out of hog production, there are two ways of doing it. First, the farmers do not breed the sows and, secondly, when the sows have little pigs the farmers hit them on the head.

The VICE-CHAIRMAN: Has the sow run been increasing over these three months?

Mr. MILLARD: The sow run is not in those three months.

The VICE-CHAIRMAN: You have not been getting a large number of sows for slaughter?

Mr. MILLARD: We are not into the period when the sow run starts.

The VICE-CHAIRMAN: Oh, I see.

Mr. WINTERS: Referring to Schedule 3, columns (e) and (f) under the date of October 26, 1946, there is a difference between profit and loss from all departments before provision for taxes on income and inventory reserve and

column (f) which is net profit or loss from all operations, of something like $730,000, whereas in the following period a profit of $1,179,319, eventually turns into a loss of $13,681, or a difference of $1,200,000 roughly. In other words, the difference is almost twice as great as the year before. How do you account for that?

Mr. LANDON: That is accounted for largely by the inventory reserve in 1947, of $750,000.

Mr. WINTERS: That is what I thought. Why would you put up such a large inventory reserve? By the way, what was the same reserve the year before?

Mr. LANDON: Well, in the years previous we set up inventory reserves under the Wartime Inventory Reserve Act on which we paid normal taxes but we did not pay extra. That amounts over all the years since we started to $2,100,000. That is on wartime inventory reserve. Last year we set up an additional $750,000 to take care of price declines which we anticipated.

Mr. LESAGE: But that is not allowed for income tax purposes.

Mr. WINTERS: That is not allowed for income tax purposes?

Mr. LANDON: No.

Mr. WINTERS: You pay income tax on it?

Mr. LANDON: Exactly.

Mr. LESAGE: That is rather large for an inventory depreciation reserve?

Mr. LANDON: We did not think so at the time.

Mr. WINTERS: What did you say it was, $750,000?

Mr. LANDON: Yes, $750,000.

Mr. WINTERS: Why have you had a small loss in the light of that special reserve?

Mr. LANDON: The actual profit of the year would have been $737,000.

Mr. WINTERS: Why would you do that if you show a loss? Why did you not show the exact operating costs?

Mr. LANDON: Well, it is just the way it is worked out, Mr. Winters. As a matter of fact, it doesn't make a great deal of difference. Our statement is not published. We are a privately-owned company and it does not matter. There is no statement which goes out to shareholders or anything like that.

Mr. WINTERS: Why would you have selected figures which would have given you a loss?

Mr. MILLARD: You see, that figure of $750,000 is after careful consideration; and then, of course, our auditors checked on it and they accepted it as being sound practice.

Mr. WINTERS: It is an internal operation of course; and as such it makes no difference. It seems to me rather odd that you would take such a large amount and show a loss by doing so.

Mr. THATCHER: That is the anticipated loss. That is not a loss, you have said?

Mr. MILLARD: No.

Mr. THATCHER: So it is not an actual loss.

Mr. MILLARD: That is the anticipated loss. We have already used some of that to take up slight inventory depreciation. We had an appreciation, and then a depreciation.

Mr. WINTERS: What about your depreciation, Mr. Millard? What did you do on that last year?

Mr. MILLARD: We wrote off depreciation according to the allowable percentage by the dominion government.

Mr. WINTERS: You do not write off any more than they allow you to?

Mr. MILLARD: No, not a nickel.

Mr. THATCHER: That is different then from the practice followed by Canada Packers?

Mr. MILLARD: Yes.

Mr. THATCHER: What was the amount that you wrote off last year, just approximately?

Mr. LANDON: $746,000.

Mr. THATCHER: And you are allowed that amount by the government?

Mr. LANDON: Yes.

Mr. THATCHER: That is your practice, you just write off actual allowed depreciation. You have no other reserve on your balance sheet to that account other than what has been allowed you by the government?

Mr. LANDON: No. I may say that we do not run a double set of books or records for depreciation. We have just the one depreciation account, that which is allowed by statutory authority.

Mr. WINTERS: You say that when you charge your products from one department to another or from a plant to a branch house you charge it at market price?

Mr. MILLARD: Well, at market, what we consider market value; and allow something in there for them to operate on. In other words, if something is selling for 25 and we charge it to the branch at 25 cents a pound naturally they could not operate because they would have to take a loss. When we say market, we allow margin on the selling price.

Mr. WINTERS: Whether you realize a profit or a loss on your over-all operation depends on how much your stock costs you and how much you get from the consumer.

Mr. MILLARD: Right.

Mr. WINTERS: But in between that there are or ther may be profits along the line although you might show a loss. If you have an operation where you could have an intermediate profit. you might have a profit in the intermediate transaction and that might show again in your net operating result? Perhaps Mr. Dyde would ask you about that.

Mr. DYDE: Yes, Mr. Winters. I wonder whether there is not a profit on the transaction between the plants and the branch houses; that is, you charge to the branch house—

Mr. MILLARD: Oh, yes, yes.

Mr. DYDE: And they make a profit on that?

Mr. MILLARD: That is right.

Mr. MAYHEW: Which would show up in your over-all?

Mr. MILLARD: Yes.

Mr. DYDE: That is what I was coming to, it would show up in your over-all?

Mr. MILLARD: Yes, the over-all covers our entire operations from start to finish.

Mr. WINTERS: Yes, but it seems to me it might not do it in just the way it is shown here. You divide your total operating expenses and you charge a profit into one such as operating expense and your end figure for profit or loss is not the real profit or loss in the final statement; you might have intermediate profit or you might have an intermediate loss?

Mr. MILLARD: Yes, but it is all in there in this profit figure in column "E".

Mr. WINTERS: Yes, but if you reduce this down to basic elements of cost; labour, materials and so on, the way we normally try to arrive at cost; and you have the transfer of the product from one department to another at a certain cost—I mean, you are taking your element of profit on the basis of that cost, the intermediate cost has an element of profit in it.

Mr. MILLARD: That might be right.

Mr. WINTERS: It seems to me that by taking the profit along the line your intermediate profit might be double.

Mr. MILLARD: It would not make any difference because at the end you can only sell at the market.

Mr. WINTERS: I do not disagree with the bookkeeping system, mind you. I think it is all right. Nevertheless I think in some cases it might arrive at a net cost which is higher than it need be. Now it is true, as you say, you must consider each one of your branches and each one of your plants as an operating entity.

Mr. MILLARD: In that case the profit would be back here (indicating) instead of being here (indicating). It is part of your operation.

Mr. WINTERS: If it is back here and up here too, you have it at two points.

Mr. MILLARD: That could not be. You would be pyramiding your costs, and you could not do that.

Mr. WINTERS: I think that might happen sometimes.

Mr. IRVINE: The profit becomes your cost.

Mr. WINTERS: That is it.

Mr. IRVINE: The profit might become an element of cost.

Mr. MILLARD: I do not think it could happen. There is too much competition in this game to allow you to try to pyramid profits as costs.

Mr. WINTERS: I do not see anything wrong. These branch houses have to meet competition. But, nevertheless, the packing plants make a profit and then the branch houses make a profit; and that is all right as a part of the business; but when you record them altogether as the Swift Canadian Company then there is a possibility of double profits there.

Mr. LANDON: There cannot be two profits. I do not just understand your point. I mean, is the profit you have in mind taken up as an expense? Is that your point?

Mr. WINTERS: Partially. You see, you send a product from your packing plant to your branch house at a certain figure.

Mr. LANDON: Yes.

Mr. WINTERS: And in that figure there is a profit?

Mr. LANDON: Could be.

Mr. WINTERS: And that goes to the branch house and there that profit might be considered as an element of cost.

Mr. MILLARD: I see what you mean. Those two profits, if there are two profits there, are in here.

Mr. WINTERS: I am not criticizing it, but nevertheless it is possible there.

Mr. LESAGE: I see the usefulness of Mr. Winters' question and arising out of it I would like to be definite on one point. With all the animals that come to your plants, are all the parts of them transferred to departments that come under the heading "meat operations" actually, the by-products?

Mr. MILLARD: Yes.

Mr. LESAGE: There is nothing else from the animal—you know what I mean—nothing else from the animal which might be disposed of otherwise?

Mr. MILLARD: You said, plus by-products. The rest is all meat.

Mr. LESAGE: Plus by-products, that is all?

Mr. MILLARD: Yes.

Mr. LESAGE: And anything that you transfer from your meat department goes to your by-products department. There is no other department to which you transfer any part of it?

Mr. MILLARD: No, there is nothing else of which I know.

Mr. LESAGE: You know better than I know, and that is why I am asking you.

Mr. MILLARD: There is the carcass and the hide and the tallow and the casing—

Mr. LESAGE: I just want to be definite with respect to the figure of $1,155,000 and that it takes into account all the animals you bought, and all your slaughtering operations?

Mr. MILLARD: There is an old saying that we get everything out of the hog except the squeal.

The VICE-CHAIRMAN: And it is all there except the squeal?

Mr. MILLARD: Yes, and the by-products.

Mr. LESAGE: And I am speaking about the figure $1,155,000?

Mr. MILLARD: I know what you are asking and I think it is a fair question. If we buy a steer on the Toronto stockyard we have the meat included there, and you want to know about the hides and so on?

Mr. LESAGE: Yes, and there is nothng else that goes into any other department of your company?

Mr. MILLARD: No.

Mr. LESAGE: What about condemnation insurance which you collect?

Mr. MILLARD: I would be glad to talk about that, we collect it, but it is not enough.

Mr. LESAGE: Were you going to question the witness on this, Mr. Dyde?

Mr. DYDE: I was going to go on with condemnation insurance later.

Mr. LESAGE: All right.

Mr. DYDE: I would like to ask a further question with regard to Schedule 3 before we leave it, Mr. Millard, although we may come back to it again. Would you look at column D and opposite the year 1945 you show a profit of over $1,000,000?

Mr. MILLARD: Yes.

Mr. DYDE: $1,212,000?

Mr. MILLARD: Yes.

Mr. DYDE: Which in that column becomes a fairly small loss in 1946, and a larger loss in 1947? Have you the figures which would show whether the loss occurred in both beef and pork or one or the other? Have you figures which will give that information?

Mr. MILLARD: No, I have not got those figures.

Mr. DYDE: Would it be difficult to tell us whether the reduction was due to the beef account or to the pork account?

Mr. MILLARD: We could go back and check all our plant records.

Mr. DYDE: Yes, but I am asking you whether it would be difficult before I ask you to do it?

Mr. MILLARD: It would take some time and we must receive the results from twenty-five branches.

Mr. DYDE: It is a matter about which you might have some general knowledge, Mr. Millard, as a senior officer of the company. Would you know,

generally speaking, whether that loss was attributable to beef, or attributable to pork, or to both?

Mr. MILLARD: I would say it was mostly attributable to beef.

Mr. DYDE: I do not think that at the moment I will ask you to give us the further figures because I think your answer is sufficient for my purposes. I would like to go on to Schedule 4.

Mr. WINTERS: Before you go to Schedule 4, with respect to the note on Schedule 3, regarding the packing plant sales including some duplication as the result of interplant sales, how much would there be if you eliminated the duplication? The figure has a bearing on your profit or loss.

The VICE-CHAIRMAN: Some little time ago Mr. Millard said they did not use that figure.

Mr. MILLARD: We did not use those figures for profit and loss but instead we used the figures in column E—sales to the trade. Those figures in column D were not used when figuring the profit and loss.

The VICE-CHAIRMAN: The profit and loss figures were based on sales to the trade?

Mr. MILLARD: Yes.

Mr. LESAGE: The finished product.

The VICE-CHAIRMAN: Gentlemen, if we are moving to Schedule 4 it is now a few minutes to 1 o'clock and I think counsel would like to have a break at this point. We will adjourn until 4 o'clock.

Mr. THATCHER: Before we do adjourn, a few minutes ago I asked Mr. Millard if he could obtain some figures. I then said that it would not be necessary if it was too much trouble but I would like to have those figures—the profit for the five months period from November 1 for this past year as compared with the figures for a year ago—if it is not too much trouble?

Mr. MILLARD: I will try to get the figures but they are locked in my office in Toronto and its not everyone that can get them. If we can locate someone who can get in we will obtain the information. How would it be if I said, Mr. Dyde, that the figures were substantially greater, and I believe we agreed that we would send them on to you.

The VICE-CHAIRMAN: Yes, that is what had been arranged but Mr. Thatcher on second thought says that he would like some of the figures now.

Mr. THATCHER: I would appreciate it if you could get the figures.

Mr. MILLARD: I will telephone Toronto and see what can be done.

The meeting adjourned to meet again this afternoon at 4.00 p.m.

AFTERNOON SESSION

The committee resumed at 4.00 o'clock p.m.

The VICE-CHAIRMAN: We will proceed.

A. E. Millard, President & General Manager, Swift Canadian Company, Limited, recalled.

R. E. Swan, General Supervisor, Canadian Beef, Veal and Lamb Operations, Swift Canadian Company, Limited, recalled.

N. E. Landon, Secretary, Swift Canadian Company, Limited, recalled.

W. S. Mulock, Provision Manager, Swift Canadian Company, Limited, recalled.

Mr. DYDE: Mr. Millard, would you turn to Schedule 4, please. For the sake of convenience only I have totalled the figures in the right-hand column, that is for 1946, and my figure is a net minus figure of $638,309. I think that is right, is it not?

Mr. LESAGE: What is that figure?

Mr. DYDE: $638,309. Does that agree with your figures?

Mr. LANDON: That is correct.

Mr. DYDE: And for 1947 by the same addition and subtraction I come to a net figure of $125,504.

Mr. IRVINE: Minus?

Mr. DYDE: Minus. Is that right?

Mr. LANDON: That is correct.

Mr. DYDE: The only comment I have, Mr. Millard, on the list of figures is with reference to February, 1948, right at the bottom. Have you any way of explaining why February gets into the red after three successive months, November and December, 1947 and January, 1948? Do you know what the explanation for that is?

Mr. MILLARD: Well, I think that the February results are largely on beef, and then we took an inventory decline on hides.

The VICE-CHAIRMAN: Took which?

Mr. MILLARD: An inventory decline on hides.

Mr. THATCHER: Did yon not say this morning you took part of that out of your reserve?

Mr. MILLARD: It automatically goes into the results.

Mr. THATCHER: You do not do that until the year end?

Mr. MILLARD: We do not adjust the reserve against inventory month by month.

Mr. DYDE: Just before we leave that your inventory decline in hides would not be reflected here, would it?

Mr. MILLARD: Oh yes.

Mr. DYDE: Have you got by-products here?

Mr. MILLARD: I am sorry. That is just the meat department.

Mr. DYDE: I thought you might have an explanation of that.

Mr. MILLARD: I have not got it broken down, but I would say offhand it is our poor beef operations from the previous months.

The VICE-CHAIRMAN: What do you mean by the word "poor", you had to pay out too much money for the price you got back? Did the price go up that you had to pay?

Mr. MAYHEW: Was there a decline in price in February?

Mr. MILLARD: There was a decline in beef prices, and I think I am right—how did the live market go?

Mr. SWAN: The live market did not go down in line with the selling market on beef. In other words, it was a glutted market during the month of February.

The VICE-CHAIRMAN: Glutted.

Mr. SWAN: Dressed beef market.

The VICE-CHAIRMAN: The dressed beef market was glutted. You had a decline, and you did not have a decline on the live market.

Mr. SWAN: I would not say we did not have a decline.

The VICE-CHAIRMAN: You did not have enough decline to make up for the decline on your sales side?

Mr. SWAN: That is right.

Mr. DYDE: Possibly I may come back to that.

Mr. IRVINE: Before you leave that, this is an extraordinary looking figure to me. Sales are quite a little bit higher in February than in the previous months. The return seems very much greater and yet there is a greater loss than ever. I should like to know what your inventories were as of the 1st of February.

Mr. MILLARD: February is a five-week period compared with the previous period of four weeks.

Mr. DYDE: Inventories show on the next schedule, Schedule 5.

Mr. IRVINE: Five weeks.

Mr. MAYHEW: That included part of January, some days in January? In order to get a five-week period it would have to be. There are not five weeks in February.

Mr. MILLARD: It laps over.

Mr. MAYHEW: You had to either take some of January or some of March in.

Mr. MILLARD: That is right.

The VICE-CHAIRMAN: Mr. Kuhl, are you formally replacing Mr. Johnston or just sitting in?

Mr. KUHL: I will be tomorrow.

The VICE-CHAIRMAN: But not formally yet. You are welcome anyway, but I wanted to know whether to have your name recorded.

Mr. LESAGE: Mr. Millard, can you give me the figure for the credit from by-products in the months of November and December, 1947 and January and February, 1948?

Mr. MILLARD: Will we get them for you?

Mr. LESAGE: Could I have them now?

Mr. MILLARD: We have not got those.

Mr. LANDON: No. Those figures are not available by months.

Mr. LESAGE: Pardon?

Mr. LANDON: The figures for the by-products are not available by months.

Mr. LESAGE: Even if we ask for that?

Mr. LANDON: We could get them.

Mr. LESAGE: We could have them. Would you take a note, Mr. Dyde, and put that in the letter you are going to send.

Mr. MILLARD: We could include them.

The VICE-CHAIRMAN: I want to ask a question about this reference to an inventory reserve. We find here in 1946 that on meat alone you have made a loss of somewhere in the neighbourhood of $638,000. That is before you have set up any inventory reserve. The inventory reserve was to be a sum set up against the possibility of price decline. Is that not so?

Mr. MILLARD: That is right.

The VICE-CHAIRMAN: Eventually it was set up in the close of 1946. What was the amount of that?

Mr. MILLARD: We will have to look it up.

Mr. LANDON: I do not know whether or not we have that figure. No, I cannot supply you with that figure from any information I have here.

The VICE-CHAIRMAN: What was the figure of $750,000 you used this morning? That referred to the next year?

Mr. LANDON: That was for our 1947 fiscal year.

The VICE-CHAIRMAN: That is the sum of money that would be set up, and as far as the meat operation is concerned that $750,000 only refers to a possible inventory loss on meat, does it, or does it refer to a possible inventory loss on everything?

Mr. LANDON: On other items, right.

The VICE-CHAIRMAN: Everything?

Mr. LANDON: Yes.

The VICE-CHAIRMAN: So it is not relatable to meat alone, anyway.

Mr. MILLARD: It is our entire business.

Mr. LANDON: That is correct.

The VICE-CHAIRMAN: All right.

Mr. LESAGE: Mr. Millard, as to the footnote on Schedule 4 is it correct to say it applies to columns A and B but definitely not to C?

Mr. MILLARD: It does not apply to column C. That is profit or loss from operations of the meat departments, including selling outlets.

Mr. LESAGE: That is the final result?

Mr. MILLARD: That is the final result.

Mr. LESAGE: But what would it represent approximately, let us say, for February, 1948, both in the amount of pounds, total pounds, and the amount of sales?

The VICE-CHAIRMAN: You mean what duplication is reflected there?

Mr. LESAGE: Yes, approximately.

Mr. MILLARD: In column A?

Mr. LESAGE: Yes.

Mr. MILLARD: Oh, there may be 5 per cent, 5 or 10 per cent duplication.

Mr. LESAGE: Not more than that?

Mr. MILLARD: No.

Mr. LESAGE: To what can we attribute the increase in the total pounds sold in February over January?

Mr. MILLARD: February first of all is a five-week period compared with a four-week period in January.

Mr. LESAGE: It is a five-week period?

Mr. MILLARD: Yes, that is right.

Mr. LESAGE: Could you enlarge on the explanation that you have given for the loss in February? The only answer you gave was the beef department was poor during that month.

Mr. MILLARD: Without having the actual figures before me I would say that loss is attributable to a great extent to our unprofitable beef operations.

Mr. LESAGE: Do you have any more detailed figures on that with you here?

Mr. MILLARD: No, sir.

Mr. LESAGE: Could you not provide us with the amount of beef sold and the amount of pork sold?

Mr. MILLARD: We would have to go back and check the results.

Mr. LESAGE: You do not have it here?

Mr. MILLARD: No, sir.

Mr. IRVINE: Generally speaking beef is a very unprofitable proposition, is it not?

Mr. MILLARD: Over a period of years.

Mr. LESAGE: You understand that I do not blame you for not giving more figures, but on these figures it is difficult for us to form a sound opinion.

Mr. MILLARD: Yes. I realize that, but I did not anticipate you would want that broken up.

Mr. LESAGE: Because it may be profitable in the hog department and not profitable in the beef department. It may be your plants; it may be your selling outlets. We do not know. I should like to know how it is that you made $132,000 profit in January selling 23,000 pounds of meat, and you made $192,000 loss in February selling 32,000 pounds of meat. I should like to have figures to explain that. What is the cause of it? I am sure, Mr. Millard, you being a shrewd business man you would want to know what was wrong with it, looking ahead to March and April. You would say, "How is it we are making losses? On what department are we losing money?" I am sure you have put those questions to yourself.

Mr. MILLARD: As I say I have not the figures, but as I recall it is on our beef operations.

Mr. LESAGE: What have you done about it? When you noticed you were making losses what did you do in March?

Mr. MILLARD: Well, the only thing we could do is try to get more money out of our products to eliminate the loss.

Mr. LESAGE: What did you do, as a matter of fact? What steps did you take?

Mr. MILLARD: We tried to get our selling price up.

Mr. LESAGE: Did you get your selling price up in March?

Mr. MILLARD: Did we, Bob.

Mr. SWAN: During the latter part of March, we started to. There was a glutted beef market from about the third week in January right through February and prices broke, roughly, a full cent to a cent and a half a pound.

Mr. LESAGE: Due to consumer resistance?

Mr. SWAN: There was too much beef around. You had to sell it and you sold it for what you could get.

Mr. LESAGE: That explains your losses?

Mr. SWAN: For that time.

Mr. IRVINE: Why did you have to sell it?

Mr. SWAN: There was nothing else you could do with it but sell it a the best price you could obtain.

Mr. IRVINE: Could you not hold it?

Mr. SWAN: We did not think we wanted to freeze beef at that price level.

The VICE-CHAIRMAN: Too high priced to freeze it?

Mr. SWAN: In our opinion.

Mr. LESAGE: What about the hog department, do you believe you made a profit during February in that department?

Mr. MILLARD: As I recall it, I think we did make a small profit in the hog operation.

Mr. LESAGE: You did make a profit on the hog operation?

The VICE-CHAIRMAN: The $192,000 loss is almost entirely on beef?

Mr. MILLARD: As I recall it.

Mr. LESAGE: There would be more than that, then, if you made a profit on hogs. There would be more than $192,000 on beef. It may be that the by-products' credit for this five week period would be more than $192,000.

Mr. MILLARD: It will make some difference in the figure. How much it will reduce it, I do not know.

Mr. MAYHEW: This schedule shows that in January and February, 1946, January and February of 1947, and last January and February, 1948, you had losses?

Mr. MILLARD: Yes, sir.

Mr. MAYHEW: It seems to be a habit.

Mr. MILLARD: It is a bad habit.

The VICE-CHAIRMAN: I was thinking, in regard to February, you would probably be saying, "Thank God, we are back to normal", because there is a minus sign opposite most of these months for two years. That makes me wonder about the business. You are certainly not in business for your health. There is a profit on meat at some stage. Is it a fact that, if you went back over the other months of other years you would display as many minus signs as there are here, on a sheet, made up in the same way?

Mr. MILLARD: Quite likely.

The VICE-CHAIRMAN: Then, is it a fact that, in this business, you count on making money regularly in some other department than meat; that is the way this business goes?

Mr. MILLARD: At times it turns out that way.

Mr. THATCHER: These are book losses, then, is that what you are getting at, Mr. Maybank?

The VICE-CHAIRMAN: No, I am wondering if it is generally considered in the packing business that this department is not as much of a money maker as others, and you do figure on patching up—

Mr. MILLARD: The by-products would reduce these losses a bit.

The VICE-CHAIRMAN: You have made a profit in nearly every year. You have not had many years with serious losses, have you?

Mr. MILLARD: There are two years.

The VICE-CHAIRMAN: You are looking at the meat department only, when you make that statement. Oh, no, I see you have a different schedule.

Mr. DYDE: Schedule 3, the right hand column.

The VICE-CHAIRMAN: There are two years since 1936, one of them being 1938, at which times there were over-all losses.

Mr. MILLARD: On Schedule 3, 1946 and 1947 showed a loss, and all the years prior to that right up until 1939, profits.

The VICE-CHAIRMAN: I see. So that these last two years, showing losses in the meat department, then, are exceptional. At first, I was wondering whether they were usual and that you counted on making your money somewhere else, on the swings instead of on the merry-go-round; however, that is not so.

Mr. MAYHEW: Out of 26 months, the company made profits in 8 months.

The VICE-CHAIRMAN: One-third of the time, yes.

Mr. LESAGE: I am looking at Exhibit 94. Would you give a copy of Exhibit 94 to Mr. Millard, Mr. Dyde.

Mr. DYDE: At which page are you looking?

Mr. LESAGE: I am comparing page 1—the pages are not numbered, but it is the monthly average price for good butcher steers at Toronto up to 1,050 pounds. I am comparing page 1 with page 4. On page 4, I see that the price of good butcher steers at Toronto was $15.21 for January and $15.25 in February, which is a very slight difference, is it not? The price of steers was practically the same in February, 1948 as it was in January, 1948?

Mr. MILLARD: That is right according to this statement.

Mr. LESAGE: You accepted it, you said you accepted it.

Mr. MILLARD: I am not arguing the statement is wrong.

Mr. LESAGE: I understood you accepted this as a basis for discussion?

Mr. MILLARD: We accepted those prices.

Mr. LESAGE: If we come back to page 4 and compare the average prices on beef in January with those in February, we find they are about the same.

Mr. DYDE: Under which head note are you looking?

Mr. LESAGE: I am looking at both Toronto and Winnipeg, looking at Toronto to compare with page 4 and looking at Winnipeg to compare with the company's figures. The average in both instances, for the month of February is about the same as the month of January, more so at Winnipeg than at Toronto.

Mr. SWAN: Our figures do not show that. In Toronto, on red beef, for the week ending the 17th of January, we were selling red beef at $29.48, and on the 14th of February, we were selling it for $28.35, over a cent a pound reduction. At Montreal—

Mr. LESAGE: Just a moment, we will compare that with what we see here. At the end of January, the price of red brand in Toronto would have been 27 cents a pound, and in February it would have been 28 cents.

Mr. SWAN: I do not know about those figures.

Mr. LESAGE: The embarrassing fact is, I understand you accepted those figures.

Mr. DYDE: I should explain that when Mr. Millard said on schedule 6 he accepted the prices for steers as set out in the weekly livestock market review, he accepted the prices as set out specifically on Exhibit 96.

Mr. IRVINE: Does that differ, Mr. Dyde, from Exhibit 94 in this respect?

Mr. DYDE: It does not differ from Exhibit 94 as to the prices for steers, but it does not include the wholesale prices.

Mr. LESAGE: They are about the same, Mr. Dyde?

Mr. DYDE: It is exactly the same, or within a cent of being the same.

Mr. LESAGE: Yes, it is about the same.

Mr. DYDE: On January 10, according to Exhibit 96, the price was $15.11 and on January 17, $15.27, and so on.

Mr. LESAGE: The average for the two months is about the same. So, there was practically no increase in the cost of cattle to the company?

Mr. DYDE: You will notice, Mr. Lesage, that under Winnipeg, the price starts on January 10 at $15.25 and drops.

Mr. LESAGE: Yes, it drops. It is lower in February in Winnipeg than in January.

Mr. MILLARD: Of course, that same government report from which those figures are taken contains a quotation for choice beef from which you very largely get your red brand beef.

Mr. LESAGE: We are speaking of the 1,050 pound class. I understood from a previous witness that from these good butcher steers you got three brands of beef; red brand, blue brand and commercial brand.

Mr. MILLARD: You get some red brand. You get some blue and some commercial.

Mr. LESAGE: What proportion, could you tell me? Roughly, what would be the proportions?

Mr. SWAN: That is a very difficult question to answer.

Mr. LESAGE: Could you give some idea to someone who has none?

Mr. SWAN: I would say 10 to 15 per cent red; it depends on the market.

Mr. LESAGE: I understand, it is difficult.

Mr. SWAN: These red brand cattle which were in the good steers would be worth the same as choice steers on the same day. In other words, if you were buying these cattle alone, you would pay the price of choice steers.

The VICE-CHAIRMAN: There is a quotation for choice steers at the same time?

Mr. SWAN: Yes.

Mr. DYDE: Would the quotations for choice steers not show exactly the same trend as these quotations on Exhibit 96?

Mr. SWAN: Roughly the same.

Mr. DYDE: So when good butcher steers, up to 1,050 pounds, go down in price, so also do choice steers go down in price?

Mr. SWAN: Yes; that is not always the case. Cows, for example, if anything, were just a shade stronger during February.

Mr. LESAGE: It is up a shade. I see. Winnipeg, in January, 19·50. It is just a shade, only half a cent.

Mr. DYDE: Is it not also true—what is the next grade down from butcher steers on the market?

Mr. SWAN: Medium.

Mr. DYDE: Do you not get any red brand with medium?

Mr. SWAN: No.

Mr. DYDE: Some?

Mr. SWAN: Generally speaking, no.

Mr. DYDE: You get some blue brand?

Mr. SWAN: A few, occasionally.

Mr. LESAGE: The figures I have here on the market price for beef January and February, Toronto, Montreal and Winnipeg—I just cannot see how you arrive at the conclusion that the losses you show are due to the fact that you had to pay more for beef and that you had to sell for less.

Mr. MILLARD: Our figures, Mr. Lesage, show that we actually sold beef at a loss.

Mr. DYDE: Would you give us the price at which you actually sold beef at Winnipeg over the period?

Mr. SWAN: You are taking Winnipeg?

Mr. DYDE: I am taking Winnipeg because you were asked to bring prices with regard to Winnipeg.

Mr. LESAGE: That is why Mr. Dyde asked you to send Winnipeg.

Mr. DYDE: I would like to start the week following decontrol.

Mr. SWAN: I haven't got them.

Mr. DYDE: How far back do you go?

Mr. SWAN: To the week ending the 3rd of January.

Mr. THATCHER: These figures are not complete. How can we have an investigation, we haven't even got last year's balance sheet. We haven't got the prices. It may be that these gentlemen were not asked to bring them, it may not be their fault; but I ask you, how can we arrive at a decision out of this?

Mr. LESAGE: I think we should have the figures for January and February. I am not questioning the statements that have been made before us. I would not mind Mr. Thatcher getting the additional information. I will second his motion if he so moves.

The VICE-CHAIRMAN: Have you the figures for Mr. Lesage?

Mr. LESAGE: No, Mr. Dyde asked the question. He asked how far back he could go, and I think I heard January 3?

Mr. DYDE: Could you start them with January 3, and give us your figures from then on for 1948? What prices can you give me?

Mr. SWAN: On red brand beef.

Mr. DYDE: That is the wholesale price for red brand beef?

Mr. SWAN: At Winnipeg.

Mr. DYDE: And that is the price for what period?

Mr. SWAN: January 3.

Mr. DYDE: 1948?

Mr. SWAN: Yes. That is the week ending—$22.50.

Mr. LESAGE: Would you speak a little louder, please.

Mr. MILLARD: He said, $22.50.

Mr. SWAN: On January 10, it was 25 cents; on January 17, it was 25 cents; on January 24, it is blank; on January 30, it is 26·72.

Mr. LESAGE: Why is it blank for January 24?

Mr. SWAN: It is just blank.

Mr. IRVINE: What does blank mean?

Mr. SWAN: We haven't got it.

The VICE-CHAIRMAN: What about the next week, the 31st?

Mr. SWAN: $26.72. February 17, 26.21; February 14, 25.50—that is as far as we have. That is the week ending the 14th. You see in our period there are three more weeks in February after that.

Mr. LESAGE: The trend of the market wasn't down anyway. I see by Exhibit 94, that the trend of the market always has been down in February.

The VICE-CHAIRMAN: All your questioning comes from the point that you do not see an explanation for the—

Mr. LESAGE: —loss in February.

The VICE-CHAIRMAN: Yes, the loss in February as against the three months just preceding which have been at a profit; that you do not see that in the figures of purchases and sales and that is where your questions stem from?

Mr. LESAGE: Yes.

Mr. MAYHEW: You take the average price in Toronto in January for a four-week period and the average price in February, there is a difference of ·84 cents lower for February.

Mr. MILLARD: Let us take the Montreal market to where we ship a lot of beef from Winnipeg.

Mr. LESAGE: Yes. The price was definitely higher at Montreal by 1 cent to 1½ cents.

Mr. MAYHEW: But the Toronto price is an average of ·84 of a cent.

Mr. LESAGE: Yes, you are right there.

Mr. MAYHEW: Of course, we do not know what the purchases were in Toronto.

Mr. LESAGE: How many pounds of beef have you sold respectively in January and February?

Mr. MILLARD: How many pounds?

Mr. LESAGE: Yes, of beef; the four weeks for January and the five weeks for February?

Mr. MILLARD: We haven't got the exact amount. It is related to our kill.

Mr. DYDE: Is that on Schedule 2?

Mr. MILLARD: January and February—well, here it is: January beef, 11,030,000—that is a four-week period—February, 30,638,000, for five weeks.

Mr. LESAGE: That would be a difference of 65,000.

Mr. MAYHEW: They sold lots of beef then. If the beef they bought in January was sold in February they would take a loss on it.

Mr. MILLARD: There was quite a loss on the Montreal beef market.

Mr. LESAGE: Yes, but even if we take the difference of one cent we will arrive at $130,000, less profit, in February—

The VICE-CHAIRMAN: When you buy beef in the shape of live beef how long do you have it, what is the usual period between the purchase of the live animal and the final sale, not taking into account any by-products at all, just the meat?

Mr. MILLARD: I would say we turned our beef over twice a week.

Mr. SWAN: Of course, it depends on where we ship it from.

Mr. MILLARD: Yes, if we ship it from Edmonton it takes seven days.

Mr. IRVINE: In this case you were not holding it so you could not possibly have sold it in February had you bought it in January.

The VICE-CHAIRMAN: I was just wondering if there was a purchase in January which resulted in the sale in February. If that were so it would only be the very tail end of January and you would be getting rid of it early in February.

Mr. MILLARD: The Edmonton plant is a long haul.

The VICE-CHAIRMAN: Yes, and if you sold it in the Montreal market you might have had it in your possession ten days.

Mr. SWAN: Probably two weeks at the best, most of it.

The VICE-CHAIRMAN: Yes. You could, of course, do quite a bit of buying just at the close of January at a relatively high price and not have sold it until you were approaching the middle of February.

Mr. MAYHEW: In that case you would have a loss on both purchases and sales. You would be buying at a high price and selling at a loss.

The VICE-CHAIRMAN: Yes, that is what I was trying to get at, to see if that would account for it.

Mr. LESAGE: I do not think we could get anything which would be satisfactory to the committee unless we have more definite figures with respect to the prices at which your company bought live cattle in January, and then the prices at which they were sold later on. You show a profit for the January period of $139,000, and then you come along to February where you show a substantial loss.

The VICE-CHAIRMAN: In what way do you tie that up to the reference, endeavouring to discover the cost of the recent price rises?

Mr. LESAGE: That is the very point there.

The VICE-CHAIRMAN: Yes.

Mr. LESAGE: That is the very point of it, to see why the prices increased. We want to find out what the price structure is. The first thing we have to know is that if someone makes a profit is it a legitimate profit, and then when he comes along and shows a loss of $122,000 on the difference between the cattle price and the wholesale price—I just wondered how it could be arrived at.

Mr. DYDE: I had proposed, Mr. Chairman, to ask the witness another series of questions which I think would have brought to exactly the same point. In other words—

Mr. LESAGE: I am sorry, I did not intend to anticipate what you were going to discuss.

Mr. DYDE: We have now reached that point. In other words, I was going to ask the witness why he had increased his wholesale price at the various stages. So I think it is quite relevant to this inquiry that we are now into.

The VICE-CHAIRMAN: I was not suggesting it was not. I just wanted to make sure.

Mr. THATCHER: Mr. Chairman, does it not boil down to this, that we haven't got the figures before us that we need? I do not know how we can get at this with the information we have.

Mr. DYDE: It is not altogether Mr. Millard's fault. It is by no means Mr. Millard's fault.

Mr. THATCHER: I am not suggesting it is his fault or anyone's fault.

Mr. DYDE: When I sent out the letters I asked Mr. Millard to give us information for Winnipeg. I thought we should be able to compare Winnipeg with Toronto, to tie it in with the information we got from Canada Packers and with similar information which we would obtain from other people. It is apparent to me now from what Mr. Millard said a minute ago that we cannot even relate the prices Swift's charge at wholesale with Winnipeg prices particularly; but as I understand it he is now taking us to other markets as well, and if we are to get a complete picture it would appear that we would have to ask Mr. Millard for the prices charged by Swift's for all brands; because, you see, he referred to the different brands, and we would have to get them at all centres.

Mr. LESAGE: A complete picture of all purchases of cattle of all brands and the sales of beef of all kinds.

Mr. DYDE: No, but I had hoped to avoid this situation by way of exhibit 94 which the witness is not inclined to accept. Those are prices which were obtained, I understand, from the packing companies. My understanding is that the prices on Exhibit No. 94 are obtained by someone who gets prices from the various packers.

The VICE-CHAIRMAN: Those are Wartime Prices and Trade Board prices.

Mr. DYDE: Yes.

Mr. THATCHER: I do not see how we can get anywhere without even the balance sheet of a company like Swifts. I think we are wasting our time and the proceedings to me just do not seem sensible.

Mr. DYDE: The balance sheet has nothing to do with it.

Mr. THATCHER: I think the balance sheet has something to do with it and at least it should be tabled. Probably Mr. Millard was not asked for it.

Mr. DYDE: Yes, Mr. Millard was asked for the balance sheet and I believe that Mr. Monet received it. I will have to try and find it, but I will say that Mr. Millard supplied what he was asked to supply.

Mr. LESAGE: I am not so much interested in the balance sheet but I am interested in the prices because we are investigating prices.

Mr. HARKNESS: The witness has submitted this figure of $192,602 loss for the six months, and if the members are not prepared to accept the figures we should send our accountant in to verify them instead of spending a lot of time arguing here. As far as I am concerned I am quite prepared to accept the figure and I do not see much sense in trying to get a lot of other figures to verify that one figure.

Mr. LESAGE: I thank Mr. Harkness for the statement that there is no sense in my questioning and that of Mr. Dyde. I am not saying this figure of $192,602 is not correct. I do not say that I would not accept it but I wanted some explanation of it; I want to know something of the structure of the prices.

The VICE-CHAIRMAN: I do not think any person said that they had the feeling the figure was not correct.

Mr. LESAGE: No, I never said that.

Mr. HARKNESS: My point is that it seems to me we are wasting a lot of time trying to get at the details of this figure and the witnesses have not got the

material. I made the suggestion that if we want to get further figures to verify these statements then let us send our accountants in to the company.

Mr. LESAGE: That is what I have been asking for about five minutes. I have been saying that we should have the figures but first I wanted to ascertain whether we could get them this afternoon.

The VICE-CHAIRMAN: Mr. Lesage would like to get certain figures.

Mr. LESAGE: I am not the only one who would like other figures, and I will point that out.

The VICE-CHAIRMAN: I know, but I am addressing you because you have been doing the questioning. There are certain figures which you would like but would you let those rest and go on with some other department of the brief?

Mr. LESAGE: I think Mr. Millard has offered to send Mr. Dyde the additional information that we need. Mr. Millard said that he would gladly furnish those figures.

Mr. MILLARD: That is right.

Mr. LESAGE: I think Mr. Dyde knows exactly what I want and he can state, in a memorandum to Mr. Millard, what is needed to answer my question.

Mr. DYDE: That can well be done. I will perhaps run into exactly the same difficulty in my future questions but let us go on with further questions. I would then move to Schedule 5, Mr. Millard and in general would you agree with the statement I am about to make? These figures seem to me to be interesting because it would appear that in the 1947-48 periods you were increasing your inventories both in beef and in pork—generally speaking you were increasing your inventories compared to the same period in the previous year?

Mr. MILLARD: Right.

Mr. DYDE: Now is it fair to say that those figures indicate that purchases from producers are in excess of sales? Is that a fair deduction to make?

Mr. MILLARD: Yes.

Mr. DYDE: Do you think, or is it your view, that reduction in sales is due to consumer resistance?

Mr. MILLARD: It was in January.

Mr. DYDE: But not in February?

Mr. MILLARD: To some extent, in February.

Mr. DYDE: And yet your February sales in effect are pretty close to the January sales as far as poundage is concerned? During the month of February when you ran into the so-called consumer resistance you have poundage sales fairly comparable to the January sales? The sales are higher but it is for a five week period. Have you an explanation of that question?

Mr. MILLARD: As Mr. Swan says, there may be consumer resistance but with perishable products we have to sell.

Mr. DYDE: But at the same time you have built up inventories?

Mr. MILLARD: Yes.

Mr. DYDE: And your inventory in part goes into frozen beef for export overseas, does it not?

Mr. MILLARD: That is correct, in some periods.

Mr. SWAN: Yes, that is true.

Mr. DYDE: What I am really getting at is the fact that any surplus you have is taken by the meat board is it not?

Mr. SWAN: Surplus of what?

Mr. DYDE: Beef.

Mr. SWAN: Yes, there is a market there if we want to ship.

Mr. DYDE: Yes, my understanding is, and I would ask you to correct me if I am wrong, that since last September the meat board has stood ready to take from you at a certain price any surplus which you have.

Mr. SWAN: Correct, with respect to beef.

Mr. DYDE: With respect to beef, and there is a price for it is there not?

Mr. MILLARD: That is right.

Mr. DYDE: Would you be storing and increasing your inventory because you feel the meat board price is not sufficient?

Mr. MILLARD: We might be hanging onto it instead of shipping because we might feel we would receive more out of it later.

Mr. IRVINE: I thought you just said you were not storing because it was too high a figure?

Mr. MILLARD: That was in the previous month.

The VICE-CHAIRMAN: Your question related to a particular time, Mr. Irvine, at the time it was asked.

Mr. IRVINE: January and February. Which month are you dealing with now?

Mr. DYDE: I was dealing with January and February.

The VICE-CHAIRMAN: I thought Mr. Millard answered differently.

Mr. IRVINE: Yes, he did, and it was for the same date.

Mr. SWAN: We were just storing the odd car. We did not freeze much meat during that period.

Mr. DYDE: Can you tell me what you did freeze for the meat board during January and February?

Mr. SWAN: No, I cannot tell you exactly.

Mr. DYDE: I will move on to Schedule 5 where we have the figures for frozen beef over and above other beef and total beef. I go to January 3, 1948, and I find you have then 4,915,000 pounds of frozen beef. I go to the next figure which is January 25, 1947 and the figure is 2,034,000. Do each of those figures represent the amount in the cooler at that time?

Mr. MILLARD: January 25 is the previous year.

Mr. DYDE: I should have taken January 31, 1948. I wanted to call attention to the figures 915,000 on January 3, 1948 and the figure 5,252,000 on January 31, 1948, and the figure in the last column on March 6, 1948. Do those figures represent the total amount you had in the cooler at that time?

Mr. SWAN: That is right.

Mr. MILLARD: In our freezers.

Mr. DYDE: The other beef is in the cooler.

The VICE-CHAIRMAN: Those are the two highest inventories recorded at any time.

Mr. DYDE: Yes they are the two highest I see with respect to beef and that is what prompted me to remark at an earlier stage that it seemed to me that you were increasing your inventories from January 1 onward.

Mr. SWAN: The increase is around 300,000 odd pounds.

Mr. DYDE: What is that?

Mr. SWAN: Between January 3 and January 31, 1948, the four weeks. I said we did freeze a little beef for the meat board but nothing compared to what we froze prior to the first of the year. Then I believe we have figures here which show there was some beef put in towards the end of January for orders that were shipped out during the February period. You will note the increase in beef was over 1,000,000 pounds from January 31 to March 6.

Mr. DYDE: Yes, I noticed that.

Mr. LESAGE: Yes, Mr. Dyde, and are you obtaining an explanation for the difference between 1947 and 1948?

Mr. DYDE: Mr. Swan, or Mr. Millard, would you look at the 1947 figures under the same heading and at December 28, 1946—the nearest date I can see to January 1? You have shown the frozen beef figure at 3,436,000. On January 25, 1947 you have shown 2,034,000, and on March 1, 1947, 1,093,000. Is there any explanation for the difference between 1947 and 1948?

Mr. SWAN: Of course, I do not know exactly how much of the meat board meat was in our freezers at any one of those periods. The answer is that we stored more domestic meat during that period.

Mr. DYDE: Frozen beef would include beef stored for the meat board and domestic consumption.

Mr. SWAN: Yes.

Mr. LESAGE: What is the proportion?

Mr. SWAN: Of course the meat board beef is going in and out and I have not got the figures handy here.

Mr. LESAGE: I understand you can sell all your surplus to the meat board?

Mr. SHAW: That is right.

Mr. DYDE: Do you not show on Schedule 8—which schedule we have not yet come to—but do you not show the sales to the meat board for January and February 1948? Also, in November and December 1947 you show heavy sales, and in January while not so heavy the figure is 1,500,000, and in February nearly 2,000,000 pounds of beef. Am I correct?

Mr. MILLARD: That is correct.

Mr. LESAGE: In January and February you sold the meat board about ⅓ of what you had sold in November and December?

The VICE-CHAIRMAN: Yes.

Mr. LESAGE: It looks to me that you kept a lot in stock. Is there any particular reason for that?

Mr. MILLARD: The only reason we would keep it was that we could not sell it. The price was not favourable, I suppose.

Mr. LESAGE: Is it your answer that the price you could receive from the meat board was not sufficient in your opinion?

Mr. SWAN: Yes.

Mr. LESAGE: That is the answer to it.

Mr. MILLARD: That is right.

Mr. LESAGE: You kept it in the hope the price would advance on the domestic market?

Mr. MILLARD: Or that we could use it some place else.

Mr. LESAGE: Well, on the domestic market, that the price would advance on the domestic market.

Mr. SWAN: For a deficiency period we always operate that way, always did have storage stocks for a deficiency period.

Mr. THATCHER: That was not what Mr. Millard said.

Mr. MILLARD: If we did not sell it to the meat board we would hold it. We would be assuming we would have a market for it domestically later on. We took our chance on the domestic market later on, the price.

Mr. LESAGE: The price that the domestic market later on would return?

Mr. MILLARD: We took a chance on what the domestic market would be.

Mr. LESAGE: That is the answer.

Mr. DYDE: I am turning now to Schedule 6. I call the attention of the members again to the fact that the price for hogs was at Winnipeg. That was at my request to get the Winnipeg picture if we could. In sub-paragraph (a) I have already stated the document to which the price of steers refers. For the moment, gentlemen, I have no questions on this page although I will be returning to it incidentally later on. If there is anyone who wishes to question the witnesses on any of it they may do so now.

The VICE-CHAIRMAN: Are there any questions on that page?

Mr. THATCHER: Just one. What was the stock which your company had on hand of pork at January 3? That is when the British contract was signed.

Mr. DYDE: It is on schedule 5.

The VICE-CHAIRMAN: At what date?

Mr. THATCHER: That was on January 3.

Mr. DYDE: January 3, 1948, it shows the amount of pork on hand.

Mr. THATCHER: Would it be fair to say when these prices went up as is shown here you had about $1,000,000 in the inventory appreciation on pork?

Mr. MILLARD: A million dollar inventory appreciation?

Mr. THATCHER: Yes.

Mr. MILLARD: My answer to that is we do not know what the appreciation is until we sell it. For instance, at that time we had a lot of sow product on hand, and I note right today we are taking less money for that sow product than the price on the inventory at that date.

Mr. THATCHER: All right, I will pursue that later.

Mr. LESAGE: I have not looked at these pages in advance. I had no time. Can we find on the other pages the wholesale price of bacon and hams?

Mr. IRVINE: You are still on page 5?

Mr. LESAGE: No. Would it be in order to ask Mr. Millard at what time they increased their wholesale price of bacon, ham and other pork?

Mr. DYDE: I think we certainly will be coming to that.

Mr. LESAGE: You will?

Mr. DYDE: Yes. Schedule 7 is a short schedule showing total purchases dressed weight, with the three oughts omitted as in the other pages in some cases. I have no particular questions at all on that page at the moment.

Mr. IRVINE: I wanted to ask one question before you leave page 5, but I missed it. May I go back to it?

The VICE-CHAIRMAN: Do that.

Mr. IRVINE: I understood Mr. Millard to say the reason why the inventories in beef were so high in January, was that the price was too low and they hoped it would go higher, and therefore they had sold it to the board. That is so, is it not, Mr. Millard?

Mr. MILLARD: All of that beef, of course, was not put into the board. It was put in for domestic use during the deficiency period. Any beef that was in there for the meat board we had a chance to sell it if we had wanted to.

Mr. IRVINE: But you would rather hold it in the hope of getting a little more for it. That is a reasonable thing. There is no reason why you should not do that. That is what you were doing?

Mr. MILLARD: The cost of the beef was considerably higher than the price we could get export, and we held it and figured we might be able to sell it during the deficiency period on the domestic market. We would take our chance on the price.

Mr. IRVINE: I notice you began to unload it a little bit in March, 1948. Should I presume one of the reasons why you did that was because of this inquiry?

Mr. MILLARD: No, sir.

Mr. IRVINE: For fear the price would go lower instead of higher?

Mr. MILLARD: No, I do not think so.

Mr. IRVINE: You think it would not affect it at all.

Mr. LESAGE: Mr. Dyde, I forgot to ask the same question as far as pork is concerned that I asked for beef. Looking at Schedule 5, the pork figures, how much of the 23,000,000 pounds that you had on hand on March 6, 1948, could be exported?

Mr. MILLARD: Do you know, Mr. Mulock?

Mr. MULOCK: No, I do not. We have not got that division here.

Mr. LESAGE: I understand a very large part of it would be exported?

Mr. MULOCK: A very large part.

Mr. LESAGE: I am asking the same question. Why did you increase your inventories in pork when the meat board would take it?

Mr. MILLARD: When we freeze for the meat board they do not want it frozen and taken out. They want it for the deficiency period.

Mr. LESAGE: I am not talking only about freezing. You have other pork. If that pork was good for export and you had a good market for it why did you increase your inventories instead of selling it?

Mr. MULOCK: On the instructions of the meat board to freeze certain quantities for summer use during the period of light deliveries, for shipment to the United Kingdom.

Mr. LESAGE: Did the meat board have all these figures when they gave these instructions?

Mr. MULOCK: Yes, we report freezer holdings weekly to the board.

Mr. LESAGE: It is because they need them for shipment during the summer?

Mr. MULOCK: It is my understanding that under the contract they endeavour to even these shipments out over a period of a few weeks which would be impossible without freezing.

Mr. LESAGE: Without keeping a part for the benefit of the board?

Mr. MULOCK: That is correct.

Mr. LESAGE: It is not the same explanation at all as in the case of beef?

Mr. MULOCK: No, sir.

Mr. LESAGE: I thought it would not be because the export price of pork is higher than the domestic price.

Mr. MULOCK: At times.

Mr. LESAGE: While in beef the domestic price is higher than the export price.

Mr. SWAN: That is right.

Mr. DYDE: Now, gentlemen, I want to hurry on because I think that out of a series of questions which I now propose to ask you will find we may need some more figures. I will start my questioning in this way, Mr. Millard. Perhaps, Mr. Chairman, my remarks are addressed to you as much as to Mr. Millard.

The VICE-CHAIRMAN: I have not been sworn.

Mr. DYDE: No, but in this way; it is really a matter of explanation. When I obtained the figures on Exhibit 94, I thought those figures were given to me by the Wartime Prices and Trade Board as being figures which had been received from the trade itself. That was my understanding and it still is. I found to my satisfaction that when Mr. McLean brought the Canada Packers' figures in for Toronto that on December 31 the wholesale price at which he was selling beef was exact to a fraction of a cent with the figure which had been supplied

to me, namely, 28 cents, which appears beside December 31 for red brand at Toronto.

When I compared Mr. McLean's figures for the period since decontrol I found his figures on the whole came very close to the figures that we received from the Wartime Prices and Trade Board. There was some slight difference, however, and it occurred to me to wonder whether I would be met by just what we have been met with, namely, that these figures are not exactly right. Since Mr. McLean was on the stand I endeavoured to see if I could get exact wholesale prices, both beef and pork. I did not give Mr. Millard much time because I spoke to him on the telephone on Saturday morning. I had hoped, however—and this must be a misunderstanding between Mr. Millard and me—that he would bring today figures at which red brand, commercial and cow were being sold at Winnipeg since decontrol. I think, Mr. Millard, you cannot produce those today?

Mr. MILLARD: You are referring to our conversation of Saturday morning?

Mr. DYDE: Yes. I do not say it is my fault or yours that there is some misunderstanding. I thought that was what I was asking you for.

Mr. MILLARD: As I understood it when I took those figures down you got to December 31 when the beef price at Winnipeg, according to Exhibit 94, went to $26 from a previous price of $24.50.

Mr. DYDE: That is right.

Mr. MILLARD: You said, "I am going to ask you why the jump from $24.50 to $26."

Mr. DYDE: Yes.

Mr. MILLARD: All right. With your permission I am going to hand this over to Mr. Swan. He worked on these figures and will explain why the price of red beef jumped from $24.50 to $26.

Mr. DYDE: Yes. Before Mr. Swan does that, looking at Exhibit 94 under the heading Winnipeg, I see that the red brand beef ceiling was $23.75. Can you now give me the series of prices for red brand, commercial and cow at which Swift and Company actually sold beef on the Winnipeg market from that time until the 1st of January?

Mr. SWAN: No, we have not got them. It means going through all our invoices for that period.

Mr. DYDE: That was why I was hoping you could accept these figures because I thought that would assist you if I showed you these figures. It would assist you in deciding whether or not you could accept them. Certainly according to the figures which are before the committee now the ceiling price for red brand at Winnipeg was $23.75. Perhaps you can confirm that for me, can you?

Mr. SWAN: Yes.

Mr. DYDE: I have also supplied you with a copy of Exhibit 94. The trend of prices I see there, running my eye down that column, is from $23.75. At October 27 it became $24.50; October 30, $25; then a drop to $23.75 on November 6; then $24.50 on November 13; $24.50 on November 20; $23.75 on November 27; $24.50 on December 11; $24.50 on December 23; $26 on December 31. If you look at the first column you will find there is a comparative advance in commercial and cow. Can you accept those figures as being the wholesale price for beef in Winnipeg?

Mr. MILLARD: We have not got the actual Winnipeg prices.

Mr. DYDE: Did you find, in your inquiry on Saturday morning, that your price was $24.50 at December 23?

Mr. MILLARD: We took the prices you gave us—we did not have a chance to inquire since the Winnipeg office was closed.

Mr. DYDE: Did you get the prices from Winnipeg for the period since December 1?

Mr. SWAN: They started the week ending the third.

Mr. DYDE: Mr. Chairman, I find I am in this difficulty. I wanted to ask Mr. Millard this question, as to why the wholesale prices on beef and also the wholesale prices on pork, if it applies, but certainly the wholesale prices on beef, why they advanced during that period. I find it very difficult to ask him that question fairly until he knows what prices he actually charged at Winnipeg or until he can accept these prices on Exhibit 94. You see my problem, and we are directly there on the price matter—

Mr. MILLARD: Let us accept them as being correct.

Mr. DYDE: I do not want to take advantage of the fact you have had a short time, Mr. Millard.

Mr. MILLARD: The reason I say that is, after our telephone conversation Saturday, we took these ceiling prices you gave me over the telephone and got out our account, our average cost for the week ending December 11, December 18, December 25 or the week ending January 1. We did that to answer your question Mr. Dyde as to why, on December 31, the price of red brand beef advanced from $24.50 to $26.

Mr. DYDE: Yes, I see. I wanted to ask you also a specific question such as this; for instance, you were selling red brand beef at Winnipeg, according to exhibit 94, at 23¾ cents, under the ceiling. On October 27 that had advanced to 24½ and by October 30 to 25 cents. I wanted to ask you a specific question as to why that advance in your prices took place, as well as the latter one.

Mr. MILLARD: Could you answer that?

Mr. SWAN: Not unless I studied the figures.

Mr. MILLARD: We have not the same study as we made on the other document with regard to cost.

Mr. SWAN: That could be easily done.

Mr. DYDE: It could easily be done?

Mr. SWAN: I think so. We could get the live prices.

Mr. DYDE: Perhaps I could carry this a little further before we decide we have to leave it. In order to have you give the committee an explanation for the increase in your wholesale prices to 24½ and again to 25 cents, what factor will you study?

Mr. SWAN: We will study the cost and supply situation.

Mr. DYDE: Any other factor?

Mr. SWAN: No, that is the only factor. First, you buy live cattle and you know what they cost.

Mr. DYDE: All right, let us see if we can help you. We have some figures which, perhaps, you could accept. We have figures on Exhibit 96 for the cost to you of good butcher steers at Winnipeg, on October 18, which is the last date we have here before decontrol, steers were costing you $12.75. Do you find that figure?

Mr. SWAN: Yes.

Mr. DYDE: On October 25, they were costing you $12.75?

Mr. SWAN: Yes.

Mr. DYDE: And then on November 1, they were costing you $12.92.

Mr. SWAN: Yes.

Mr. DYDE: That will be one factor, will it, which will enter into your answer to my question because I am going to point out, later on, Mr. Millard,

before you answer my question that, as you run down that line, while the price goes to $12.92, $13.50, it then goes to $12.82.

Mr. MILLARD: Are you relating those figures to red brand beef?

Mr. DYDE: I am relating them simply to good butcher steers.

Mr. SWAN: You have to relate the prices to some one grade of beef.

Mr. LESAGE: No, the three grades.

Mr. SWAN: You cannot relate them.

Mr. DYDE: I was asking you a minute ago, and I want to be sure, how this study takes place. If I am driven to more statistics than we have got in front of us now, I am going to find it very difficult. What did your costing department do on October 27 when it decided Swift and Company should increase the price which they were charging for their meat? Now, you said a minute ago it was cost and supply. I said I should like to help you by showing you what we have got on cost and you told me that is not enough. What else do we have to have?

Mr. SWAN: Well, I cannot reconcile the price of good steers on the Winnipeg market on October 18—I do not know what was in those steers. I do not know what the grades were.

The VICE-CHAIRMAN: There could have been some red and some blue?

Mr. SWAN: We will go out and buy a load of good steers for $12.75 and not get any red brand quality beef in that particular load of steers. The next week, we might go out and pay $12.75 for a load of good steers which are graded as good steers by the government, and we might get some red brand beef.

Mr. DYDE: You have very experienced buyers. They know what they are buying.

Mr. SWAN: That is right.

Mr. DYDE: If you tell me there is an error in the buying, then am I not right in replying to you there would also be an error in buying the next grade down, and you would get some red beef out of it, even though you bought it as commercial?

Mr. SWAN: When a buyer goes out, he buys values, naturally. When he pays for that particular load of steers, he pays on the quality of those steers after they are dressed; that is the paying price.

Mr. DYDE: What other prices can we look at anyway?

Mr. SWAN: We cannot look at any other prices.

Mr. LESAGE: What decides you, then, to increase your prices? What are the factors you study when you increase your wholesale price in red, commercial and cow brands? What are the factors, if it is not the price of the cattle to you?

Mr. SWAN: The law of supply and demand.

Mr. LESAGE: I understand. On the market, you are taking as much for your beef as you can get; that is what governs your prices?

Mr. SWAN: That is right, what our competitors allow us to take.

Mr. LESAGE: So, the cost to you is not a factor in setting your wholesale prices?

Mr. SWAN: It is one of the factors, the main factor. One of the main factors is your cost.

Mr. LESAGE: Did you not tell me you were trying to get as much as the market would bear?

Mr. SWAN: Whatever the market is.

Mr. LESAGE: You sell at market prices?

Mr. SWAN: We must.

Mr. LESAGE: Even with a profit in one month, such as November, 1947, of $900,000, you would not try to give the consumer the benefit of a cent or two a pound decrease in the price.

Mr. MILLARD: Yes, I think we would because competition would not allow us to make an exorbitant profit.

Mr. LESAGE: You increased your price after the November profit.

Mr. DYDE: You see our difficulty, Mr. Millard.

Mr. HARKNESS: On that point, Mr. Millard, is not the cost factor to which you have to relate the price of red brand beef chiefly the cost of choice steers and not good steers because it is from the choice steers you get most of your red brand beef?

Mr. MILLARD: That is right.

Mr. HARKNESS: So, if we are talking about red brand beef, we should be talking about the quotation for choice steers on the Winnipeg market at that time, is that not the case?

Mr. MILLARD: That is the case.

The VICE-CHAIRMAN: Just one moment; I do wish to point out to you that you broke in while Mr. Lesage was waiting for an answer. I think if you have only one answer to obtain, Mr. Lesage will not object.

Mr. HARKNESS: I am trying to clear up this point. I think we cannot properly relate the price of 1,050 pound steers on any market to the price of red brand beef. It is not a very close relationship because most of this red brand beef comes from another source. Now, in Calgary where the price of good steers is probably around $14, the price of choice steers, of extra good quality, now and then will get up to $16 or $16.25.

The VICE-CHAIRMAN: Now, Mr. Lesage, you wanted an answer to your question?

Mr. LESAGE: Yes. I was asking Mr. Millard if he thought of letting the consumer benefit by decreasing his prices at the beginning of December when he looked at the November profit on meat operations of $900,000, without counting the credit which would come from by-products?

Mr. MILLARD: We sell our beef at the market and we do not get any more for it than competition allows us.

Mr. LESAGE: I understand, then, it is not much use going all over these figures to ascertain how the price is set because it appears to me as if the Swift Canadian Company would take as much as the market would bear, whatever price the consumer has to pay.

The VICE-CHAIRMAN: You never reduce prices until you have to, do you? I do not mean to be unfair, but is it not a fact that, in merchandising, you do not reduce prices, say through altruism or because you have made a great deal of money and you would not know what to do if you made more?

Mr. MILLARD: If you can sense the market is going down, yes, you would reduce prices because, certainly, you know it is going down.

The VICE-CHAIRMAN: That is, you might reduce it just before competition forces you to do so, is that not right?

Mr. MILLARD: We might lead it down as well as lead it up.

Mr. LESAGE: Did you think of leading it down after making this profit in November instead of, perhaps, leading it up or following the others up?

Mr. MILLARD: What about that, Bob? I do not know whether we lead, but December was considerably less.

Mr. LESAGE: The price in December for the three brands which I have here, red, commercial and cow, was higher than it was in November. Looking

at this Exhibit 94, that is true of Toronto, Montreal, Winnipeg, Moncton and Vancouver.

Mr. MILLARD: That is probably the market condition; very little of that class of beef around.

Mr. LESAGE: The market has a good deal to do with the setting of your price then?

Mr. MILLARD: In the setting of our selling price?

Mr. LESAGE: Yes.

Mr. MILLARD: Oh, yes. We have to sell at the market regardless of our costs.

Mr. DYDE: I would like a little elaboration on that, Mr. Millard, because I would like to understand it; and I refer again to the price of 24·5 cents on October 27. Now, that is not the market, that price; that is a price at which a group of packing houses—the average price at which a group of packing houses sold at Winnipeg on that date?

Mr. MILLARD: What date is that?

Mr. DYDE: October 27, 1947.

Mr. MILLARD: Yes.

Mr. DYDE: Somebody in your company sat down and said, we will sell today at 24½ cents. I think that is so, is it not?

Mr. MILLARD: Yes.

Mr. DYDE: And really it is not an answer to say that is the market. I think the answer we have got to find is why you sat down that day and said, we will sell at 24½ cents; and that gets us back to the earlier question as to what factors these gentlemen take into account when they say, today we are going to sell at 24½ cents. And throughout that autumn, from decontrol to December 1; I would really like you to tell me what factors you took into consideration to bring about the increase in price which did certainly take place over that period. Now, if you need more time to answer that I am sure the committee will give you that time, but that certainly is the central part of our inquiry, to find out why these prices had to go up?

Mr. MILLARD: Well, of course, our costs did have a bearing on it.

Mr. DYDE: Yes, but how can we find out the costs of the beef, either from in our peculiar way looking at exhibit 96; what else can we look at to find out about costs?

Mr. MILLARD: Exhibit 96, I am not familiar with that. These are live prices; and the live prices on good steers, also choice steers.

Mr. DYDE: Well, if we look at the price of choice steers would we find something different? If I get a list on choice steers from the *Livestock Market Review* would I find a different trend; because I would go through the *Livestock Market Review*, if necessary.

Mr. SWAN: You might find something there.

Mr. MILLARD: You would be relating the live cattle that make red beef rather than the good steers which only make ordinary.

Mr. DYDE: Supposing by tomorrow morning I agreed to get you the *Livestock Market Review* giving the prices on choice steers; would that help you?

Mr. MILLARD: Oh yes, it certainly would.

Mr. DYDE: To be perfectly fair to you I think you will find if I get it that it had exactly the same trend, exactly the same trend. I would like to be fair with you.

Mr. MILLARD: Well, for instance, here. Let's sit down here.

Mr. DYDE: You see, Mr. Millard, you have got to help us out. We are looking for recent prices.

Mr. MILLARD: I am trying to help you out. I am not trying to hold anything back. I am trying to give you the facts.

Mr. DYDE: I know you are.

Mr. MILLARD: But on these reports, we haven't had much time on this particular part of it.

Mr. DYDE: That is correct.

Mr. MILLARD: After our telephone conversation on Saturday Mr. Swan sat down and figured out the prices and I would like to have them now to see if that would throw any light on it.

Mr. DYDE: What you are giving us now relates to the price increases which took place at the end of December?

Mr. MILLARD: Where the market went up to 24 or 26 cents, whatever it was.

Mr. DYDE: I would be very glad to have it by weeks.

Mr. SWAN: We took the average market price on choice quality steers, heifers and fed calfs for the week ending December 20, and I matched those prices with the week of December 29, 30 and 31.

Mr. DYDE: Yes.

Mr. SWAN: We found a difference of 53 cents, $1.07 per hundred weight of an advance during that period or between the two periods in live costs, which would pretty well make up that difference of 1½ cents a pound.

The VICE-CHAIRMAN: What is that last sentence again, please?

Mr. SWAN: Which would pretty well make up that difference of 1½ cents a pound.

The VICE-CHAIRMAN: Yes.

Mr. SWAN: Plus the fact that the previous week of the 13th, prior to the week before, the live market went up on choice steers 13 cents I think it was. That is from the 13th to the 20th. On heavy steers over the same distance it went up 46 cents a hundred weight. On heifers 18 cents a hundred weight. Now, what happens during the week of December 20, which is prior to Christmas week; there always is a very, very slow, dull meat market for the simple reason that merchants are thinking about seasonal poultry and they are not buying beef ahead. Naturally there was a very small market, and more or less trying to force sales and so a dull market. What I am trying to say, we did not take up that advance in live cattle December 20th that week but with a decrease in kill in the province of Manitoba of 6,000 cattle between the week of December 27, and the week ending December 27 and the following week we were able to get an advance of two weeks on the live market and one week on a dull market. In other words, the demand for beef actually after Christmas was sufficient with a clear beef market to take up that slack.

Mr. DYDE: I have listened as carefully as I can and the things I have heard you refer to are the prices on choice steers plus the kill; and if I get the price on choice steers over the period, plus the Winnipeg kill, will that explain to me the trend of your prices?

Mr. SWAN: For the period of November?

Mr. DYDE: For the period since decontrol.

Mr. SWAN: I can't say that. It might and it might not.

Mr. DYDE: Yes, my understanding is that these prices are fixed by a gentleman in your office who says the price is going to be so and so, we are going to sell it at that price. You don't wait until April when you come before the committee to decide your price. You decide it on the 31st of December. And I

am trying to find out exactly what factors your officers take into account when they put that price at 26, do you see?

Mr. MILLARD: Well, we will give you this.

Mr. DYDE: What I heard was, the kill plus the price of choice steers.

Mr. IRVINE: I would like to ask a question in connection with fed calves if you do not mind, Mr. Dyde. What is the difference between the price per pound of fed calves and the price per pound of choice steers?

Mr. SWAN: You mean alive?

Mr. IRVINE: Any way.

Mr. LESAGE: Alive?

Mr. SWAN: At this particular time in one week they were 25 cents a hundredweight lower.

Mr. IRVINE: Which was?

Mr. SWAN: Fed calves were lower. Another week steers advanced but fed calves did not and the spread was widened. The following week there were no fed calves on the market. In other words, it depends on the demand for that type of beef.

Mr. IRVINE: Is that what you would call baby beef?

Mr. SWAN: Yes.

Mr. IRVINE: I thought baby beef was one of the most expensive types of beef there was?

Mr. SWAN: Generally speaking, it is. It is particularly true on the Toronto market.

Mr. IRVINE: Could you not buy at Winnipeg and supply baby beef to the Toronto market?

Mr. SWAN: There is not a sufficient number quoted on that market. I include the figures on that week to complete the picture and there were 7, 11, 2 and 11 choice fed calves.

Mr. IRVINE: They would not affect the price.

Mr. SWAN: No, but I added them to complete the picture.

Mr. DYDE: Before we go on with this further study, Mr. Millard, I want to tell you what I have done. I put down in one column the average price you were paying farmers over a considerable period; then I put down the kill in another period; then I put down the prices you were charging at wholesale. Up to this minute I cannot find any relation between the three columns as I go over a period. One goes down and the other goes up at a time when you would expect the reverse. I would be glad to supply you, between now and tomorrow morning with what you wish with respect to the prices of good choice steers. Is there any other factor upon which I must give you further information in order to allow you to tell the committee why the price increased between the date of decontrol and December 31.

Mr. MILLARD: I do not think you need supply any more information.

Mr. DYDE: Can you obtain, for tomorrow, the prices at Winnipeg? Could you get them over the telephone?

Mr. MILLARD: They would have to take the invoices and analyze them.

Mr. DYDE: Was price a factor which your officers considered on December 31 when they increased the price? The price you were paying was not a factor because they did not have all the invoices, did they?

Mr. MILLARD: I do not understand that question.

Mr. DYDE: You are telling me now that in order to give a reason for an increase in price between the date of decontrol and December 31 you would have to go through a lot of invoices, and I am asking whether anybody went

through a lot of invoices when the price was increased from $24.50 to $26 on December 31?

Mr. MILLARD: I do not suppose they did.

Mr. DYDE: Well then was price a factor?

Mr. MILLARD: When we increased the price from $24.50 to $26?

Mr. DYDE: What are the factors which those gentlemen looked at that day and which resulted in them saying to their drivers or salesmen that they should go out and charge 26 cents a pound?

Mr. MILLARD: For the week ending December 25 red brand beef cost us $25.17, and in the next week it jumped to $27.61.

Mr. DYDE: Yes, but now where is the nearest relative figure which I could get from the *Livestock Market Review*?

Mr. MILLARD: On cost?

Mr. DYDE: Yes.

Mr. MILLARD: I do not think they are quoted.

Mr. SWAN: They are not quoted on dressed costs.

Mr. DYDE: Not on dressed costs, but dressed costs have no relation to undressed costs?

Mr. SWAN: Yes, your live cost has a definite relation to dressed cost.

Mr. DYDE: If I obtain the live cost would not that be a guide for us?

Mr. SWAN: Not necessarily.

Mr. DYDE: Where are you driving me now? What do I have to get?

Mr. SWAN: Mr. Dyde, there are not two animals grown that have the same yield. They may be different types, one heavy and one a light steer—

Mr. DYDE: I quite understand all that but did these gentlemen who sat down in your office on December 31 have all that information before them when they decided the cost should be 26 cents?

Mr. MILLARD: They had their costs before them.

Mr. DYDE: Did they.

Mr. MILLARD: Yes.

Mr. DYDE: Then you can give the costs of beef at the various points where there is an increase?

Mr. SWAN: No, sir.

Mr. DYDE: How are we going to get it?

Mr. LESAGE: How are the increases decided?

Mr. DYDE: Yes, how are the increases decided, and how are we going to get the material which those gentlemen had when they decided to make the increase?

Mr. MILLARD: We will have to get the kill.

Mr. LESAGE: Did they take costs into consideration when they decided to increase, or did they just follow the market?

Mr. MILLARD: They would take costs into consideration.

The VICE-CHAIRMAN: That is what we want to get. We want to get the information which you had when you made a certain decision. If you had information upon which you made a decision we want that information. If the decision was based upon information that you had about what could be obtained on the market, all right—and that is the information we want. We want to know the factors which caused you or decided you upon a certain price fixation. What was the situation in front of the people who named the price?

Mr. IRVINE: I would like to observe, Mr. Chairman, that as I understand the witness' evidence they have given two contradictory reasons. In one

instance the increased cost was the chief factor given and in the second instance the factors were the market price and competition. Both of those factors cannot be taken together because if you are selling at the market price what is the use of monkeying with costs?

Mr. MILLARD: As our costs go up we naturally try to sell the beef for more money. If somebody is smarter than we are and goes out to buy beef, kill it and dress it cheaper than we do, we have got to meet that price because the retailer will not pay more than that price.

Mr. IRVINE: In that case you are going by the market and not by cost?

Mr. MILLARD: By both.

Mr. IRVINE: You cannot go by both.

Mr. MERRITT: Surely the price asked is based on cost and is also based on the market?

Mr. MAYHEW: Why would the selling price of common beef increase more than the price on red brand beef? I see the price of red brand beef increased, from the time the ceiling prices were removed to the present time, by $3 a hundred; on common beef the price rose $4.50—that is at Toronto. In other words both common and cow beef rose $4.50 whereas the other beef only rose $3. On the Montreal market there is a fluctuation and the increase on red brand beef was $3.75; the increase on common was $3—there it did not go up as much—and the increase on cow beef was $4. In Winnipeg there is a difference again, red brand beef rose $3.50, common beef $4 and cow beef $4.25. It is pretty hard to understand the great variation.

Mr. SWAN: Of course there were ceiling prices then.

Mr. MAYHEW: I am talking about the period between removal of the ceiling price and March. The price has been steadily increasing?

Mr. MILLARD: Cows advanced $4.

Mr. MAYHEW: Cows in Toronto advanced $4.50.

Mr. MILLARD: $1.50.

Mr. MAYHEW: $4.50, and red brand only advanced $3.

Mr. MILLARD: $3.75.

Mr. MAYHEW: From the ceiling price it advanced from $25 to $28.50. That is $3.50.

Mr. MILLARD: I was taking Montreal.

Mr. MAYHEW: Montreal only advanced $3. There is a difference in the advances of all three grades in the four different places, and the cow brand and commercial beef advanced more than the others.

The VICE-CHAIRMAN: Gentlemen, I was speaking to counsel, and I think the witness and he can work out something that will be acceptable to the committee tomorrow morning. Mr. Dyde has some information for the committee for confidential distribution. Aside from that there is nothing to remain for.

Mr. THATCHER: For tomorrow morning I would certainly like that balance sheet if Mr. Millard can get it.

The VICE-CHAIRMAN: Can you get the balance sheet?

Mr. DYDE: I think I should be able to find that.

Mr. THATCHER: Plus the profits for the period since last October 31, that is the monthly profits, November, December, January, February and March, as compared with a year ago.

Mr. MILLARD: I cannot get that until I go back. It is absolutely impossible. If I could I would, but it is impossible.

The VICE-CHAIRMAN: That is what will have to come by letter, but the balance sheet ought to be discovered.

The committee adjourned to meet again on Tuesday, April 27, 1948.

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SESSION 1947-48
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE
No. 46

TUESDAY, APRIL 27, 1948

WITNESSES:

Mr. A. E. Millard, President and General Manager, Swift Canadian Company, Limited, Toronto, Ont.
Mr. R. E. Swan, General Supervisor, Canadian beef-veal-lamb operations, Swift Canadian Company, Limited, Toronto, Ont.
Mr. N. E. Landon, Secretary, Swift Canadian Company, Limited, Toronto, Ont.
Mr. W. S. Mulock, Provision Manager, Swift Canadian Company, Limited, Toronto, Ont.
Mr. R. S. Munn, General Manager, Burns & Co. Limited, Calgary, Alberta.
Mr. E. Dawson, Manager, Winnipeg Plant, Burns & Co. Limited, Winnipeg, Manitoba.
Mr. J. D. McFarland, Manager, Calgary Plant, Burns & Co. Limited, Calgary, Alberta.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

ORDER OF REFERENCE

TUESDAY, 27th April, 1948.

Ordered—That the name of Mr. Kuhl be substituted for that of Mr. Cleaver on the said Committee.

Ordered,—That the name of Mr. Beaudoin be substituted for that of Mr. Cleaver on the said committee.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

11528—1½

MINUTES OF PROCEEDINGS

TUESDAY, April 27, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Harkness, Irvine, Lesage, Martin, Maybank, Mayhew, Pinard, Thatcher, Winters.

Mr. H. A. Dyde, K.C., Counsel to the committee, in attendance.

Mr. A. E. Millard, President and General Manager, Mr. R. E. Swan, General Supervisor, Canadian beef-veal-lamb operations, Mr. N. E. Landon, Secretary, and Mr. W. S. Mulock, Provision Manager, Swift Canadian Company, Limited, Toronto, Ont., were recalled and further examined.

Counsel filed,—

Exhibit No. 102.- Statement showing Winnipeg weekly wholesale beef prices from Aug. 2, 1947 to March 13, 1948, including figures from Livestock Market review and figures from Exhibits 94, 96 and 97. (*Printed in this day's Minutes of Proceedings*).

At 12.30 p.m., Mr. Maybank, Vice-Chairman, took the Chair.

At 1.00 p.m. witnesses retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

Due to a division in the House, the meeting called for 4.00 p.m. opened at 4.25 p.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudoin, Fleming, Harkness, Irvine, Kuhl, Lesage, Maybank, Merritt, Thatcher.

Messrs. Millard, Swan, Landon and Mulock, of Swift Canadian Company, Limited, were recalled and further examined.

During proceedings Mr. Lesage took the Chair in the temporary absence of the Vice-Chairman.

Witnesses retired.

Mr. R. S. Munn, General Manager, Calgary, Alberta, Mr. E. Dawson, Manager, Winnipeg Plant, and Mr. J. D. McFarland, Manager, Calgary Plant, Burns & Co. Limited, were called, sworn and examined.

At 6.00 p.m. witnesses retired and the Committee adjourned until Wednesday, April 28, at 4.00 p.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

House of Commons,
April 27, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

A. E. Millard, President and General Manager, Swift Canadian Company, Limited, recalled:

R. E. Swan, General Supervisor, Canadian Beef, Veal and Lamb Operations, Swift Canadian Company, Limited, recalled:

N. E. Landon, Secretary, Swift Canadian Company, Limited, recalled:

W. S. Mulock, Provision Manager, Swift Canadian Company, Limited, recalled:

The Chairman: Order, please.

Mr. Dyde: Mr. Chairman, I would like to refer for a minute to some questions and answers that were made yesterday and to explain to the members of the committee what was done overnight. Yesterday there were some questions with regard to how this company, Swift's; what factors they took into consideration in setting their wholesale prices, and Mr. Swan was good enough to give some information yesterday with reference to particular price increases; and I am reading from the evidence which he gave yesterday because I think it is of importance to have that again in our minds when we look at a document which I am going to put before you in a minute. Mr. Swan said: "We took the average market price on choice quality steers, heifers and fed calfs for the week ending December 20, and I matched those prices with the week of December 29, 30 and 31. We found a difference of 53 cents, $1.07 per hundred weight of an advance during that period or between the two periods in live costs, which would pretty well make up that difference of 1½ cents a pound".

Then he went on a little later: "Plus the fact that the previous week of the 13th, prior to the week before, the live market went up on choice steers 13 cents I think it was", and so on.

Now, in part of yesterday's proceedings a member of the committee suggested that we ought to look at the price of choice steers as well as the price of butcher steers, so overnight I have got on one document, which I am just going to be able to distribute now, I got on one document a series of columns of prices over the period from August, 1947, to as late a date as possible; and with that before us I think the witness will be able to explain at least their method of arriving at prices; and it seemed to me so important yesterday afternoon that I thought it was worth doing this work in order that the committee might have these figures before them.

Mr. Irvine: Whose prices are those?

Mr. Dyde: I will explain in a minute how this is made up.

The Chairman: All right, Mr. Dyde, go ahead.

Mr. Dyde: If you will look at the left-hand column. There in each case the date is the week ending the actual date on which the price was quoted. Then

my next column is the price of good steers up to 1,050 pounds at Winnipeg and was taken from our Exhibit 96. Then yesterday I was urged by I think a member of the committee to compare it with the price of choice steers and so I have taken from the livestock market review the price of choice steers at Winnipeg, which is in the next column. Then Mr. Swan mentioned good heifers and fed calfs, and so I have taken from the livestock market review the prices of these particular animals. Then I thought earlier that the total of inspected slaughterings would be a useful figure and that is already before you in Exhibit 97, and is now repeated here. Then from the livestock market review I took the number of cattle sold at public stockyards in Winnipeg. Yesterday we had some reference to the kill at Winnipeg but I was unable to get any figure other than the total kill sold at public stockyards at Winnipeg, which I thought might help to show the trend. Then in the next column there, Schedule 7, of Mr. Millard's material I showed, in case it was of some use, Swift's purchases for all Canada, not Winnipeg but for all Canada month by month. Finally, in the last column to the right, I have taken the wholesale prices for red brand beef as they appear in our Exhibit 94. And with that before us it appears to me now that with the work Mr. Millard has done overnight he may be able now I think to explain to us not only how he arrives at his prices but may also be able to give us some figures which we can add to this table in the space that is left to us on the right-hand side of the page. In running down that page, Mr. Millard, you will notice that I have included a number of dates prior to decontrol. In other words, I start in August and I run to October, and I have the date of February 18, and then the date October 25. The October 18th date is while we were still under controls and the October 25th date is the first date that we were out of controls, and there we come to a period where we have got a free economy as far as prices are concerned and the prices that you charge are now not regulated by any Prices Board; and can you from that date forward tell us how you arrived at your selling price and give us any figures which will help us?

Mr. MILLARD: Mr. Dyde, I would like to make two observations. First, October 18 to October 25, our plants were on strike. Second, Mr. Swan who handles our beef business daily is much more competent than I am to talk on this, and with your permission I am going to toss the ball to him. We have some costs, if the committee would be good enough to write them in after the dates, that Mr. Swan will give here; and these costs are on red steers under 600 pounds, and you will want to start with November 1, which is our first week of operations.

Mr. DYDE: I will be glad to start with November 1, but before these figures are given would you or Mr. Swan explain to the committee how they were arrived at? You see, this committee is enjoined with the task of the question of the increase in prices and we find that there is an increase in the wholesale price following decontrol, and yesterday we were discussing how it was that you arrived at the price that you charged; so that before you give the figures, Mr. Swan, would you explain to us the machinery of arriving at that price and the factors that are considered. I think you can do that now.

Mr. SWAN: That is right. These prices that I am going to give you are what we call our weekly average weighted costs. These costs are on red brand steers which are sold as red brand beef. They are arrived at by the cost of the live animal, adding our expenses such as curing and dressing, parts—and so on—and selling and distribution less our by-products credit. We arrive then at what you would call a cost of our beef which is compared to our selling prices. These are figured daily from our actual slaughtering and accumulated into weekly costs. Now, the dates I am giving you are the week endings and they are on a Thursday night. We break off our records on Thursday night. In other words, it runs from Friday morning to Thursday night on kill. So the dates will be one or two days out from the actual calendar week end. Now, that is just about how simple it is to arrive at these costs.

Mr. LESAGE: We have Schedule 9, which is the costing method on beef. Is that this procedure?

Mr. MILLARD: That is our costing method.

Mr. SWAN: Yes, that is our costing method.

Mr. LESAGE: Because I see here, 66 steers live weight at $17.20 per hundred weight.

Mr. DYDE: I think we are certainly bound to come to that schedule as we go through this.

Mr. IRVINE: Let us get this first.

Mr. LESAGE: You asked about the costing method, Mr. Dyde. We have it in print here and I thought it would be easier to refer to it with this schedule.

Mr. SWAN: With one exception; that is our plant cost; to that we add our selling and distribution expense.

Mr. DYDE: What I am still wanting to make sure about is that in the first week of November, 1947, you fixed a price; and I don't care at this moment whether it is a price that is higher than the week before or lower, but I want to make sure what the officers of your company did, what they had to do before they fixed that price.

Mr. SWAN: They had our cost of beef in front of them for the previous week by grades. They know exactly what they buy costs by grades through our method of figuring. They also had our cooler position. Further, they had the trend of the live markets as to what was happening that particular day, whether it was up or down, whatever it is. They also had the feel of the price of the market from all of our salesmen and beef salesmen both in Winnipeg and other territories. In other words, that information comes in daily when the beef market is on a free trading basis. They have that information. Now, if there is a short market on the live end and our buyers state they expected or anticipated a higher price for livestock we immediately take a look at our present costs and what our beef operations are doing and match that with the prevailing market, whatever it is. By that method we arrive at a selling price. If we arrive at a selling price that is too high we just don't sell any beef and we have to reduce it; or if we are too low it is immediately reflected in the fact that we immediately have a step-up in orders. You find it out right away, and we advance our prices accordingly due to the price of the market.

Mr. WINTERS: You say you match that product to the daily market. Which market do you refer to?

Mr. SWAN: The prevailing dressed market.

Mr. LESAGE: Do you ask the other packing companies to ascertain yourself what the prevailing market price is?

Mr. SWAN: No, sir; we know that from our own salesmen and branch house managers.

Mr. LESAGE: Do you mean that there is never any contact or any information exchanged between any officer or employee of the Swift Canadian and Canada Packers or any other packing company?

Mr. SWAN: No, sir.

Mr. LESAGE: Never?

Mr. SWAN: No, sir.

Mr. LESAGE: Can you swear to that?

Mr. SWAN: Yes, sir.

Mr. LESAGE: That has never happened in the last year to your knowledge?

Mr. MILLARD: That is right. We do not discuss prices with competitors at all.

The CHAIRMAN: You were here the other day when Mr. McLean gave his evidence?

Mr. MILLARD: Yes.

The CHAIRMAN: Well, he said there was no consultation but there certainly was—what was the word he used, Mr. Lesage?

Mr. LESAGE: Exchange of information.

The CHAIRMAN: Yes, there certainly was exchange of information. Mr. McLean said that.

Mr. MILLARD: We don't exchange information with him.

The CHAIRMAN: So far as your company is concerned then what Mr. McLean said would not be true?

Mr. MILLARD: We stay away from that entirely.

The CHAIRMAN: I say, so far as your company is concerned, what Mr. McLean said would not apply to your company?

Mr. MILLARD: No, sir, it would not.

Mr. THATCHER: Was that true before the war, also before meat got scarcer? There would be a glut on the market, for instance; did you never consult with anyone at all?

Mr. MILLARD: It is not our policy to talk price with competitors at all.

Mr. FLEMING: Mr. Swan, I think, in his answer did not quite appreciate the wording of the question put to him by Mr. Lesage. I do not think you meant to suggest, Mr. Swan, that you were answering for every officer or employee of your company. You will recall that he said, any officer or employee. I do not think you would care to say that no employee of your company at no time ever discussed prices with employees of your competitors. I fancy in your answer you were speaking about activities at the official level.

Mr. MILLARD: I am speaking of all our employees, to my knowledge.

Mr. THATCHER: You mean that the buyers in the same yards would not talk it over among themselves? Wouldn't they be liable to talk it over?

Mr. SWAN: You mean, they would discuss the price of cattle?

Mr. LESAGE: Would not that be the only logical thing to expect?

Mr. SWAN: I don't think so.

Mr. THATCHER: Can we get at it from the other end, then. When your travellers go out do they have fixed price lists, or can they vary that price according to conditions? If they meet competition can they drop their meat a point or so? I think the practice is, is it not, they have some sort of a code they can go up or down? Isn't that correct?

Mr. SWAN: What generally happens, we have a salesman and when he finds he is out of line on the beef market or any other commodity—it doesn't take very long—he either wires or phones us that he is not selling beef, that the customers are resisting our prices; and then whatever the office works out they tell him that is the price, or whether to reduce it to meet competition.

Mr. THATCHER: But doesn't your traveller carry a code of some sort around which authorizes him to vary his price a little up or down according to the situation he meets, as he finds it necessary?

Mr. SWAN: There was a time we had a shading schedule, according to rate.

Mr. THATCHER: You are not using that now?

Mr. Swan: No, I don't think so; not yet. You see, we were on ceilings so long that, candidly speaking, we sort of got used to fixed price ceilings.

Mr. Thatcher: If one of your salesmen went in to call on a butcher and found that his prices were, let us say, a cent high, would he not have the authority to bring his price down into line?

Mr. Swan: No.

Mr. Thatcher: He would not?

Mr. Swan: No.

Mr. Thatcher: He would have to consult head office; your office?

Mr. Swan: Yes. He has no authority to make the adjustment on his own initiative.

Mr. Thatcher: I see.

Mr. Fleming: Do these prices offered by the different companies get very far out of line at any time, or is the buying so close that you catch it quickly?

Mr. Swan: On a highly competitive market such as beef is I do not know how close it would be; but I will say it this way: our competitors are buying cattle on the same market as we are; generally speaking, that is true. They are following the same market. Unless they find some ways and means of doing that job cheaper I can't see where there would be too much spread at all, the business is so highly competitive.

Mr. Fleming: You mean the competition, the competitors all working right together in the same place, as it were?

Mr. Swan: Yes, there are buyers from every packing company and every stockyard, pretty well.

Mr. Fleming: I suppose the sellers are very sensitive then, are they not, when they are facing all these competitive buyers all on the same grounds?

Mr. Lesage: Are there times when there is resistance from the packing companies on the cattle market?

Mr. Swan: You mean, the buying?

Mr. Lesage: Yes. It happens?

Mr. Swan: There is day-to-day trading on a commission basis. Say there is a price which we do not care to meet because we figure we cannot afford to buy cattle at that price and be able to sell them and make a profit—

Mr. Lesage: But is there any time when there is organized resistance from packing plants and companies?

Mr. Swan: Not organized.

Mr. Lesage: I am speaking of day-to-day and week-to-week trading.

Mr. Swan: No, no organized resistance, to my knowledge.

Mr. Thatcher: You mean Canada Packers and Swift's might get together?

Mr. Lesage: Yes, or some of the others.

Mr. Fleming: Where would consumer resistance; rather resistance on the part of the consuming public, reflect itself back to you if you had a market where the packers are competing for purchases?

Mr. Swan: Well, if the consumers stop buying then the retail merchants would not be buying, they would stop buying from us.

Mr. Lesage: And you would stop buying cattle?

Mr. SWAN: We would have to stop buying cattle or reduce our prices on whatever we owned. We would have to sell at the prevailing market, whatever that was.

Mr. IRVINE: You could always be pretty sure that they would not stop buying for very long.

Mr. MILLARD: You mean the consumer?

Mr. IRVINE: Yes; unless he wanted to stop living he won't stop eating.

Mr. DYDE: You also have another factor. There is always the Meat Board standing by to take up your surplus.

Mr. MILLARD: There is a board.

Mr. SWAN: That depends on the price we are selling beef at.

Mr. DYDE: I understand that any surplus you have, it is not a product that gets thrown away; it is not a product that you have to destroy or throw away because you can't sell it; because you always have the Meat Board to step in and take your surplus. Isn't that correct?

Mr. SWAN: Yes, at the present time.

Mr. MAYHEW: There is one thing I would like to get some information on. You said it varied downward or upward. I can understand it going down to meet competition. You said you based your selling price on your cost, the cost of yours steers plus your cost of slaughtering and selling and distribution. You say that establishes a clear price. Then you go out on the market to sell; and if I understand you correctly, you said that if your men went out and found that your sales were increasing too rapidly, that would mean your price was low and therefore you would want to put it up. Now, you originally set the price so it would cover your cost, plus a fair margin of profit; and then, I understood you to say, when you find your sales going up you take it that they were below what the other fellow was getting and so you had to raise it.

Mr. SWAN: That would be reflected from the fact that we instruct our buyers that we want cattle, and it always does follow in the live market. In other words, we anticipate a raise in the live market. That is the reason for the—

Mr. MAYHEW: You would not drop your price to the retailer? You would increase your price at which you were buying cattle?

Mr. SWAN: We would drop it to the retailer.

Mr. MAYHEW: I understood you to say that you would drop it if you found you were selling too much—you would drop it, wouldn't you?

Mr. SWAN: No, we found we were selling too much, if we were not high enough—

Mr. MAYHEW: I understand that. You say that it is working the other way; your sales are away too much, your volume of sales would jump too high and you would lower—you would raise your price on that basis?

Mr. SWAN: On a depressed market.

Mr. MAYHEW: In other words, in that case you would be taking more profit than you reasonably thought was a reasonable and fair profit?

Mr. SWAN: I would not say it would necessarily mean a profit. It would mean that we were charging more money.

Mr. MAYHEW: You started out with what you thought was a fair price?

Mr. SWAN: Yes.

Mr. MAYHEW: Then you had extraordinarily high sales because of that and you said you were going to put a stop to that—therefore, I am going to raise my price and bring it up to a level with my competitors?

Mr. SWAN: For example today we are working behind live costs—in other words we are showing a loss. If we find that our selling prices drop behind the competition price we will immediately raise to whatever figure we can. It is a day to day business and we are not raising the price above that cost, we are trying to raise it up to our costs, and that is the trend at the present time.

Mr. MAYHEW: Yes, I think everyone is entitled to costs plus a reasonable margin of profit but I do not agree that a man, once he has set his cost plus reasonable margin, should further put up his price—irrespective of what the other fellow does?

Mr. SWAN: We will set the price on Saturday for the following week, based on the cost of the beef slaughtered that week and probably most of it has been sold.

Mr. MAYHEW: Yes, and if your cost changes then I think you are entitled to follow your cost change. However, you are not entitled, in my opinion, to follow the market if it is up, if you are still getting a good and fair margin of profit. I do not know whether I make myself clear.

Mr. SWAN: Yes, I understand your point and all I can say to that is that you are still, I think, entitled to go out to obtain or try to obtain as much for yours goods as does your competitor. You must do that to stay in business because over a period of time it levels out.

The CHAIRMAN: After obtaining a reasonable profit in addition to costs you could say that you had an adequate return here and you would lead the way. Do you not think that would bring you more business?

Mr. SWAN: We have done that. We do that depending on conditions. You try to sell more goods.

The CHAIRMAN: I do not understand how you reconcile that statement with what you have told Mr. Mayhew. I knew of a company during the war, a company not engaged in your business, which felt that the price of the particular commodity in which it was engaged in manufacture was too high. The company was by no means a leading company in its group but it circulated a letter to the trade and its prospective and actual purchasers and customers, stating that there was a dangerous tendency that prices would go up and up and up and the company was not going to be a party to an increase. The company said it was getting a fair return on the commodity at a certain price and they were going to stick to that level. The result was an actual increase in business for the company and an actual lowering of prices throughout the whole market.

Mr. SWAN: Yes, sometimes we do that.

The CHAIRMAN: Could not that have been attempted by your company in this instance?

Mr. SWAN: The fact of the matter is—

The CHAIRMAN: Would you mind answering the question? Could not that have been attempted in this instance?

Mr. SWAN: It could, we have done that.

The CHAIRMAN: But in this period you did not do so?

Mr. LESAGE: In November?

Mr. SWAN: There was no period mentioned.

Mr. LESAGE: Let us mention November.

The CHAIRMAN: We are talking about the high period.

Mr. LESAGE: Let us mention November when you made a profit of $900,000 without accounting for the by-products—and at the beginning of December you raised your price.

Mr. SWAN: At the beginning of December?

Mr. LESAGE: Yes.

The CHAIRMAN: Yes.

Mr. LESAGE: I am quoting from Exhibit No. 94 and there was an increase in price in the first days of December of all brands—red, commercial, and cow.

Mr. SWAN: According to our figures from November 27 to December 4 our costs increased 80 cents a hundredweight, or slightly over $\frac{3}{4}$ of a cent a pound during that particular week.

Mr. DYDE: I think it would be fair to the witness, gentlemen, if we allowed Mr. Swan, for whatever it may be worth, to put in on the right hand side of this document the costs as he has worked them out.

The CHAIRMAN: Yes.

Mr. DYDE: Then perhaps we can go on and establish how he arrives at the costs and also lay a basis for some other questions which will involve Schedule 9?

The CHAIRMAN: Mr. Lesage was pursuing my point, assuming costs plus profit giving a fair return, and Mr. Swan says there have been instances when his firm has led in reductions in price but this was not one of the instances. The question was why was it not?

Mr. SWAN: That particular week?

The CHAIRMAN: Yes.

Mr. SWAN: I do not know whether we did lead or whether we did not lead, but at the end of November as I have stated the price did go up.

Mr. LESAGE: The cost?

Mr. SWAN: The price went up from $23.75 to $24.50.

Mr. LESAGE: Yes, $\frac{3}{4}$ of a cent.

Mr. SWAN: At that particular time our costs for the week ending November 27 to the week ending December 4 advanced 80 cents a hundredweight—in other words it advanced 5 cents more per hundred than the dressed selling market.

The CHAIRMAN: Perhaps I am wrong and perhaps Mr. Dyde was correct in suggesting that we should go on and come back to these figures later.

Mr. MAYHEW: Are you going to identify this particular exhibit later?

Mr. DYDE: I am proposing to submit it as an exhibit?

The CHAIRMAN: Do you not think we should have it put in now?

Mr. DYDE: I would think that the figures which are now going to be added should be on the exhibit. If we had had sufficient time between yesterday and today the figures would have been added to the document for you. I think it would be worth while having it put in as an exhibit.

The CHAIRMAN: We keep referring to it now and for the sake of evidence I think it ought to be numbered.

Mr. DYDE: I will be glad to submit it and then we can add to the exhibit the figures which I have mentioned.

EXHIBIT 102—Livestock Market Review.

Week ending	Winnipeg good steers up to 1,050 (Ex. 96)	Livestock market review			Inspected slaughterings all Canada (Ex. 97)	Cattle sold at public stockyards Winnipeg	Swift's purchases Schedule 7	Wholesale prices, Red Brand (Ex. 94)	Cost
		Winnipeg choice steers	Winnipeg good heifers	Winnipeg good fed calves					
1947									
Aug. 2	$ 13.72	$ 15.16	$ 12.07	$ 13.53	28,114	5,605	(000's omitted)	23.75	
Aug. 9	13.58	15.01	11.85	13.36	25,408	5,789			
Aug. 16	13.29	14.86	11.79	13.00	30,068	7,175			
Aug. 23	13.25	14.75	11.80	13.00	30,181	6,037	August All Canada 12,859		
Aug. 30	13.25	14.79	12.00	13.22	26,413	5,890			
Sept. 6	13.09	14.62	12.00	13.32	21,340	4,845			
Sept. 13	12.90	14.42	11.93	13.40	21,738	6,384			
Sept. 20	13.00	14.50	11.96	......	9,383	1,601	September All Canada 1,807		
Sept. 27	13.53	14.72	12.41	13.50	12,217	4,560			
Oct. 4	13.00	14.23	11.75	13.50	12,843	3,597			
Oct. 11	13.00	14.26	11.75	13.28	10,905	3,129			
Oct. 18	12.75	....	11.50	13.00	7,804	5,372	October All Canada 8,293		
Oct. 25	12.75	14.25	11.06	13.00	25,206	13,624			
Nov. 1	12.92	14.34	11.38	13.02	42,531	12,857		Oct. 27, 24.50	
Nov. 8	13.50	14.65	11.85	13.50	47,832	11,870		Oct. 30, 25.00	
Nov. 15	12.83	14.25	11.04	13.11	47,573	14,204	November All Canada 26,847	Nov. 6, 23.75	Nov. 6, 24.74
								Nov. 13, 24.50	Nov. 13, 23.33
Nov. 22	12.42	....	10.53	12.59	50,413	14,349			
Nov. 29	13.00	....	11.29	13.00	49,430	10,604		Nov. 20, 24.50	Nov. 20, 23.22
								Nov. 27, 23.75	Nov. 27, 23.43
Dec. 6	13.50	14.75	11.94	13.50	46,575	12,285			
Dec. 13	13.48	14.75	12.00	13.49	41,716	11,521			
Dec. 20	14.06	15.07	12.43	13.44	38,705	7,690	December All Canada 13,022	Dec. 11, 24.50	Dec. 11, 24.03
								Dec. 23, 24.50	Dec. 18, 25.81
Dec. 27	14.25	15.34	12.50	13.50	19,498	2,964			
3 days Dec. 31	14.65	15.75	13.22	13.98					Dec. 25, 24.68
Jan. 3					21,132	2,689		Dec. 31, 26.00	Jan. 1, 28.89
1948									
Jan. 10 (10 days)	15.25	16.69	13.99	14.52	30,583	8,385		Jan. 8, 27.00	Jan. 8, 28.55
Jan. 17	14.75	16.25	13.50	14.41	36,030	8,047	January All Canada 13,331	Jan. 20, 26.50	Jan. 15, 28.25
Jan. 24	14.61	16.10	13.22	14.19	31,435	5,174		Jan. 26, 26.25	Jan. 22, 28.33
Jan. 31	14.53	15.80	13.00	14.00	26,823	4,475		Feb. 2, 27.00	Jan. 29, 27.39
Feb. 7	14.55	15.78	13.00	14.00	26,966	4,577		Feb. 10, 27.00	Feb. 5, 27.43
Feb. 14	14.15	15.25	13.00	14.00	27,559	4,485	February All Canada 13,589	Feb. 12, 26.50	Feb. 12, 28.03
Feb. 21	14.41	15.62	13.00	14.00	24,255	3,539		Feb. 24, 26.00	Feb. 19, 27.71
Feb. 28	15.00	16.00	13.54	14.25	22,920	3,438			Feb. 26, 27.14
Mar. 6	15.00	16.00	13.53	14.45	24,382	4,166		Mar. 2, 26.50	Mar. 4, 28.14
Mar. 13	15.00	16.02	13.68	14.73	24,621	2,604		Mar. 9, 27.00	Mar. 11, 28.25
								Mar. 16, 27.25	

Mr. DYDE: Now Mr. Swan, looking at Exhibit 102 would you please tell us where we add figures and at what dates?

Mr. SWAN: Yes, I am going to give them to you.

The CHAIRMAN: The figures are for similar dates but we know that they will be for two days earlier.

Mr. SWAN: Yes, this is the week ending November 6.

Mr. MILLARD: The figure would correspond with the 8th of November.

The CHAIRMAN: Yes.

Mr. DYDE: November 6 is the date and the figure will go opposite the wholesale price for red brand beef.

Mr. SWAN: Yes. This is the dressed price per hundredweight—$24.74.

Mr. FLEMING: You call that the price, but I thought it was cost?

Mr. SWAN: Yes, cost.

Mr. IRVINE: Which is it? Is this the price the beef was wholesaled or retailed?

Mr. SWAN: The cost.

The CHAIRMAN: The cost to the company.

Mr. DYDE: What you are telling us is what your dressed beef costs were per hundredweight at that period.

Mr. SWAN: Yes.

Mr. MAYHEW: I am marking it in the colum under the wholesale price of red brand.

The CHAIRMAN: No, we are making our own column—a new column opposite.

Mr. LESAGE: The figure was $24.75.

Mr. MAYHEW: Are we heading the column "cost"?

The CHAIRMAN: Yes.

Mr. SWAN: The figures are as follows: the week ending November 13, $23.33; the week ending November 20, $23.22; the week ending November 27, $23.43.

Mr. IRVINE: Are these figures minus the by-products?

Mr. SWAN: This is the cost of the dressed beef after the beef has been credited with the by-products value.

Mr. FLEMING: It is really net cost.

Mr. SWAN: That is right. The rest of the figures are: the week ending December 11, $24.03; the week ending December 18, $25.81; the week ending December 25, $24.68; the week ending January 1—that is New Year's Day but we closed off the evening previous, $28.89; the week ending January 8, $28.55; the week ending January 15, $28.25; the week ending January 22, $28.33; the week ending January 29, $27.39; the week ending February 5, $27.43; the week ending February 12, $28.03; the week ending February 19, $27.71; the week ending February 26, $27.14; the week ending March 4, $28.14; the week ending March 11, $28.25; and there is an additional week on the document there but I have not the additional figure.

Mr. DYDE: Mr. Swan I would like to be clear on a point. I am looking at the date November 8, 1947, and the left hand column and I carry over to November 6 as being the nearest corresponding date, and at that date your dressed cost is $24.74?

Mr. SWAN: That is right.

Mr. DYDE: Now I move down one figure and work back and I find your dressed costs on November 13 has dropped to $23.33?

Mr. SWAN: That is right.

Mr. DYDE: And according to our figures in the same week your wholesale price has gone up?

Mr. SWAN: That is right.

Mr. DYDE: Now can you tell us why that is?

Mr. SWAN: You will note that the difference between the selling price and cost for the week ending November 6 is 99 cents—a loss.

Mr. DYDE: Yes.

Mr. SWAN: And operating that week-end, we immediately tried to advance the price and we were successful in so doing, in order to offset the loss. In the meantime on the following Monday the cattle market was reduced, probably due to receipts or some other reason, but the dressed market still remained at 24½ cents. The retail merchants were willing to pay that for beef.

Mr. DYDE: I would like to keep to those two dates for a moment because if we stray away from them we are going to get confused. Starting at the left hand side of the page at November 8 the farmers were then getting $13.50 for cattle and then in the week of November 15 they were getting $12.83.

Mr. IRVINE: What was the first figure?

Mr. DYDE: $13.50 a hundred. Coming to the next column, choice steers, the price dropped between the two dates, good heifers dropped between the two dates, fat calves dropped between the two dates, and slaughterings for all of Canada stayed at about the same figure.

The CHAIRMAN: There was a drop.

Mr. DYDE: Yes, a drop of 300 head all over Canada. The cattle sold at the public stockyards in Winnipeg increased in number and yet I still find that your price moves up; in spite of all those factors the price moves up and your cost moves down. I am sure you have an explanation and would you make it as clear as you can so that we may find what the reasons are?

Mr. SWAN: As I said before—and I do not think I can enlarge—in the week ending November 6 we bought cattle and we slaughtered them and the cost was $24.74. We sold at $23.75, according to your figures on the 6th of November. In other words, I presume that was the selling price around that time and it showed a loss to us of 99 cents per hundredweight.

Mr. DYDE: Yes.

Mr. SWAN: And we always try to do business without losses.

Mr. DYDE: Yes. Then may I move up one line to the line that starts November 1 and as I run my eye across that line I find that the wholesale price in the right hand column is $25. The price dropped by November 6 to $23.75.

Mr. SWAN: That is true.

Mr. DYDE: Why would that have happened?

Mr. SWAN: I have no particular reason for that change in price but that is really the start of the industry getting back into the slaughtering of cattle and the market was more or less not on a fixed basis. I think that 25 cent price might have been arrived at on some cattle that were held by the packers during the strike and on which the costs were terrific. The increased costs during the strike were due to feeding and shrinkage. Because of the strike the retailers paid that price but as soon as the heavy kill had its effect during that week it reduced the price to $23.75.

Mr. THATCHER: Did you pretty well stop buying during the strike?

Mr. SWAN: We did stop.

Mr. MILLARD: We could not buy. The cattle were not allowed into the plant.

Mr. THATCHER: So you had accumulated a large stock?

Mr. MILLARD: When the strike started we had cattle on hand in the pens and we kept those and fed them right along during the eight week strike.

Mr. THATCHER: You did not buy any cattle during the strike?

Mr. MILLARD: No.

Mr. DYDE: You show on schedule 7 that you did buy some cattle?

Mr. MILLARD: Our Calgary plant was not on strike.

Mr. DYDE: In September you bought 9,000 and in October you bought 8,000 head all over Canada. That is, of course, below the normal figures but that information is given on schedule 7.

Mr. SWAN: That figure does not represent head of cattle.

Mr. DYDE: I am sorry, it is pounds. The figure is thousands of pounds with the zeros omitted, and actually your purchases are much below the normal in September and October.

Mr. WINTERS: Mr. Dyde, with respect to these figures you have just quoted on exhibit 102, it is indicated for the period November 6 that the wholesale price was approximately 1 cent below the cost, and for the following period the wholesale price went up about a cent and diminished the difference. Schedule 4 of the Swift Company exhibit, however, shows there is a profit against meat operations for November of $903,000 which, considered in the light of 40,000,000 pounds of volume means approximately 2 cents per pound. Those figures on exhibit 102 do not show any spread of 2 cents per pound.

Mr. SWAN: We are just talking about beef.

Mr. WINTERS: Not by-products?

Mr. SWAN: No.

Mr. THATCHER: Would not inventory appreciation cause a lot of that month's profit?

Mr. SWAN: On meat?

Mr. THATCHER: Yes?

Mr. SWAN: No, I do not think so.

Mr. THATCHER: I agree with Mr. Winters that it would not look as if it came from these figures unless you had previous stocks on hand which you had bought at a lower price and which would give you this mark-up?

Mr. SWAN: You see the ceiling price was $23.75.

Mr. THATCHER: But through October had you not carried over a fairly large stock of beef purchased at a cheaper price and then when the ceilings came off your prices went up?

Mr. SWAN: I do not know the exact details with respect to what was in storage but the beef which had been bought was all slaughtered in August.

Mr. THATCHER: Yes and probably it was purchased at a price far less than the price which existed when the ceilings came off.

Mr. SWAN: To relate that to live values, on August 2 good steers were $13.72 and on November 1 they were $12.92, so that would not indicate that they would be cheaper. In other words your values were higher in August.

Mr. DYDE: I think you had better explain that a little more fully because we look at these prices in the live column of $13.72 and we think of that price as being a guide as to what cattle are costing you. Are you saying now that the figures are not a guide?

The CHAIRMAN: That is a question addressed to you, Mr. Swan.

Mr. DYDE: Yes.

Mr. SWAN: No, no, I would not say that. I understood Mr. Thatcher to say that we had an inventory appreciation in November.

Mr. DYDE: Oh, yes.

Mr. SWAN: And I made the statement that if there was any beef in our freezers or in storage at the end of October it was beef which had been slaughtered prior to the time we went on strike, which would be in August.

Mr. DYDE: What was the date in August?

Mr. SWAN: I think it was the last week.

Mr. MILLARD: You are asking the date of the strike?

Mr. DYDE: As a matter of fact it was given yesterday but I have forgotten the date.

Mr. MILLARD: August 27.

Mr. SWAN: I was trying to explain that the live price, if this is to be a guide, is $13.25, and on November 1 the price was $12.92. In other words we would not have an inventory appreciation on the product when the live cattle were bought at a price higher in August than on November 1. I am talking about beef, there.

Mr. DYDE: Yes, I understand.

Mr. FLEMING: Mr. Swan, do we understand from the figures you have given us that you have operated at a loss with respect to beef ever since approximately the middle of December?

Mr. SWAN: From the 25th of December the beef results to the present time have shown a loss.

Mr. FLEMING: Every week.

Mr. SWAN: Yes, I think that is a fair statement.

Mr. FLEMING: You indicated that is not the kind of result which you seek. How do you account for the fact that your operations have consistently, since Christmas, resulted in a loss week by week with respect to the handling of beef?

Mr. SWAN: The live market has been pushed up faster than the dressed values and the selling prices have been able to follow. For example I think I made a statement yesterday that along towards the end of January due to heavy inspected slaughterings the eastern beef market became flooded. There was too much beef around and we could not sell it at one price so we had to sell it at another. The only thing we could do was sell it and it was sold above the meat board price. We did sell at the best price we could get but we sold at a loss.

Mr. FLEMING: That would be because the supply of fresh beef was outrunning demand?

Mr. SWAN: Definitely.

Mr. FLEMING: And then you were taking advantage of the floor provided by the Meat Board; nevertheless, the result was a loss week by week.

Mr. SWAN: We had got down to just about the floor in the west. I don't know the exact weeks, but one or two weeks on some grades we had got down to it.

The CHAIRMAN: Wouldn't that mean you would put more in your freezer?

Mr. SWAN: At the time we shipped?

Mr. DYDE: You did freeze an increasing amount.

Mr. SWAN: We did freeze some.

Mr. DYDE: Your schedule 5, shows the figures, doesn't it?

Mr. SWAN: That is right. That might not be this particular account.

Mr. DYDE: No, that might not be red brand beef, of course. What you are doing in January, you were getting a large amount of cattle. Your profits are fairly high, and you see you are finding it hard to sell in February; and did you not in fact, from schedule 5, put a good deal of that into the freezer.

Mr. SWAN: No, I don't see that we put a good deal of our total cattle in.

Mr. DYDE: Well, what you didn't sell you put in the feeder, isn't that right?

Mr. SWAN: Oh, yes, but what that amount is I could not say.

Mr. IRVINE: Do you mean to say that you did not anticipate that the price of beef might go up?

Mr. SWAN: When?

Mr. IRVINE: As soon as the price ceilings were removed; and is it not a fact that that is when you started to put it in?

Mr. SWAN: You mean, started on November 1?

Mr. IRVINE: I do not think it makes much difference when you start. You would not sell your beef unless somebody bought it.

The CHAIRMAN: Let's identify the date. The period that Mr. Fleming mentioned was the period of last—is the period we have been taking it. Isn't that it?

Mr. IRVINE: Yes.

Mr. FLEMING: And that would be around Christmas.

The CHAIRMAN: Just so you understand, Mr. Irvine, what Mr. Fleming has said; there was a period beginning in January when they were reducing—

Mr. FLEMING: Yes, Christmas.

The CHAIRMAN: Then he said, Mr. Fleming brought out in reply that that was due to surplus of produce as compared with demand and "we just had to get rid of the stuff"; and I put the question that you could have stored it; and he said "yes"; but we did not; and then Mr. Dyde came in and said, "he might have stored earlier"; "we didn't" you say in this instance; and that gives rise now to your question.

Mr. IRVINE: I was just asking if you wanted us to believe that you didn't actually know as well as your experience could teach you at that time that the price would likely go up?

Mr. MILLARD: Between January 3, 1948, and January 31, 1948, we stored 300,000 pounds of frozen beef.

Mr. FLEMING: Would you make clear what the storing has to do with the figure of net cost. I did not understand that storage entered into the figures of net cost.

Mr. MILLARD: It does not.

Mr. FLEMING: That is what I understand, these figures you are giving us are net cost. They were strictly comparable, subject to fluctuation of two days or so, with the figures in the last column, the wholesale price of red brand. They are strictly comparable, are they not? I do not understand then what this question of storage has to do with the evidence that has been given to this effect, that from December forward operations for the week on meat have resulted in a loss.

Mr. THATCHER: What we are trying to get at is that $903,000 of a profit.

Mr. FLEMING: We are dealing with the question of profit or loss on operations for this period from Christmas forward. Has the freezing of beef and the storage got anything to do with that?

Mr. SWAN: Not with us.

The CHAIRMAN: Except that they didn't have to sell if there was such a supply over demand, they had to store, just as they admitted they earlier stored. That is the point Mr. Dyde is making.

Mr. FLEMING: If you were taking a great part of the beef and storing it at that time—we might say a large quantity, a significant quantity—what would have been the effect on the wholesale price if you had taken more of that beef off the market and put it in storage?

Mr. SWAN: Oh, I don't know; unless the industry as a whole did that.

Mr. FLEMING: Let us take it this way first; if the industry as a whole had decided to store more beef instead of marketing it at that time what would have been the effect on the wholesale price of beef?

Mr. SWAN: I think the wholesale price of beef would have gone up to a level with costs; in other words, you would have cleared the beef market.

Mr. FLEMING: Well, then, we understand that so far as the consumer getting the benefit from the reduction in the wholesale price goes he would get very little. There was a benefit to the consumer from the fact that you marketed fresh beef in that period instead of putting it into cold storage.

Mr. SWAN: At least according to the figures the retail merchants received the benefit of that, yes.

Mr. FLEMING: You cannot say whether the retailers passed it on to the consumers?

Mr. SWAN: I don't know that.

Mr. MAYHEW: There is a figure here in November, 1946, which shows you made a profit. In October, 1946, you had a loss. You also again in December had a loss. You had a pretty good profit just in that one month, and the losses in the one before and the one after it. And the same thing was pretty well true in 1947. You had a loss in 1947, of $477,000 in October and it jumped to a gain of $903,000. Would that be because of the quantity in that particular month?

Mr. SWAN: Of course, that is total meat.

Mr. THATCHER: That includes hogs also?

Mr. SWAN: Yes.

Mr. THATCHER: And it is the reason that you had such a large profit on account of your hog operations?

Mr. SWAN: I do not know that.

Mr. THATCHER: That is the point we are trying to get at, that $903,000, was your beef figures, you say that does not include inventory appreciation?

Mr. MILLARD: Likely by-products and other meats.

Mr. THATCHER: I thought you said this column did not include by-products?

Mr. MILLARD: I am sorry, it might be other meat.

Mr. THATCHER: Could your provision manager tell me whether that was hogs which made that profit?

Mr. MILLARD: I do not think so. If we were to break it down we could tell you. We can't tell you now.

Mr. FLEMING: Could you get a breakdown on that so we can get that whole picture.

Mr. MILLARD: It would take quite a while. We have to go through all our branches and dig it out.

Mr. MAYHEW: It apparently is an exceptional month. Isn't that accounted for by a lot of cattle, hogs, and everything?

Mr. MILLARD: In November, of course, we killed a lot of cattle. We put on double gangs and we reduced our expenses.

Mr. FLEMING: I suppose the effect of the strike and the resumption of work meant heavier slaughterings and that all contributed to making November an abnormal month for 1947, did it not?

Mr. MILLARD: No, sir.

Mr. FLEMING: I think the witness answered, but he did not raise his voice. Did you say it would be an abnormal month on that account?

Mr. MILLARD: It is one of our highest months.

Mr. FLEMING: I was asking if it was not abnormal in 1947, because of the fact that you were resuming work after a prolonged strike and probably there were much heavier slaughterings?

Mr. MILLARD: Yes, that is right. Livestock was held back during the strike and came in during November to kill.

Mr. FLEMING: And in 1946, according to your schedule 4, your slaughterings were up in pounds in 1946—October, 25,150,000, up to November 41,467,000; and then it came down in 1947—October slaughterings 16,370; and in November you raise to 40,396, less than twice as much in number of pounds as you handled in 1946. If you take the dollars figure in the next column the raise is much more significant; in 1946, October, $5.200,000; November, $8,685,000. There is a rise of about $3,500,000. In 1947, October, $4,200,000; and the figures on November, $9,800,000—round figures—raised to $5,600,000. The increase is much more noticeable. The rise from October to November is 24,000 in 1947, and 16,000 in 1946.

Mr. IRVINE: What are you quoting from?

Mr. FLEMING: Schedule 4.

Mr. IRVINE: Were not the sales greater in November of 1946, than in November of 1947?

Mr. FLEMING: Considerably greater. There is not much difference in the number of pounds in it.

Mr. IRVINE: It shows that it was greater in 1946.

Mr. FLEMING: It was a little greater in 1946. May I ask, Mr. Millard or Mr. Swan, if November is consistently over the years a month that has reflected higher activity than other months? When we look at schedule 4, we see that in 1946, for the four months prior to November you showed a loss and in the three months after November you showed a loss but in November—that is the month in which you show a profit in 1947, but in the three months before November you showed a loss. Again in November there is this unusually high profit.

Mr. MILLARD: It was the month of heavy marketings. We put more through our plant and reduced our expenses.

Mr. FLEMING: You mean to say that in the years previous to 1946, November was the month that showed the most favourable results generally?

Mr. MILLARD: I haven't got the figures, but I would say yes.

The CHAIRMAN: We don't have November of 1945, in this?

Mr. DYDE: No.

Mr. THATCHER: I think what Mr. Fleming is getting at, the ceilings stayed on until October—

Mr. FLEMING: I wasn't talking about the ceilings at all. I was just looking at this statement and you will see that in 1946, the company showed a loss in nine months and a profit in three months.

Mr. THATCHER: After the ceilings came off.

Mr. FLEMING: That is in 1946.

Mr. WINTERS: And this column meat, what is there beside beef?

Mr. MILLARD: Lamb, veal, pork, fancy meat, cooked meats, sausage and so on.

Mr. WINTER: Referring to November, 4,396,000, what about the figure you show on Exhibit 102, of 26,827,000; would that include the beef figure?

Mr. MILLARD: What figure were you referring to?

Mr. WINTERS: Schedule 4.

Mr. MILLARD: Schedule 4—would you mind repeating that, please?

Mr. WINTERS: That 4,396,000 pounds you sold in the month of November—do you see that?

Mr. MILLARD: Yes.

Mr. WINTERS: And that is 26,847,000 pounds of beef—that is the figure you show on Exhibit 102, also on Schedule 7—

Mr. MILLARD: No. Do you mean this 102?

Mr. WINTERS: Yes.

Mr. MILLARD: That is our price on purchases.

Mr. MAYHEW: 102, is not your schedule, is it?

Mr. MILLARD: No.

Mr. MAYHEW: That was put in by counsel?

Mr. MILLARD: Yes.

Mr. WINTERS: I know, but it shows the purchases in the second column from the last.

Mr. MILLARD: Wait a minute till I check it through.

Mr. WINTERS: It is a little difficult to reconcile some of these figures. For example, on schedule 7, you show two columns—

Mr. MILLARD: Yes, beef cattle, November, purchases—meat—26,847,000; that would be included in these figures.

Mr. WINTERS: What would the balance be, hogs pretty much?

Mr. MILLARD: Hogs and lambs.

Mr. WINTERS: On schedule 7, again; just see if there is any way of reconciling these figures; for that month you showed purchases, dressed hogs, 25,118,000.

Mr. MILLARD: Yes.

Mr. WINTERS: And you have given a total of something like 2,000,000.

Mr. MILLARD: Of course on the hogs, a lot of them go into cure and would not be ready for a month or more—sometime later.

Mr. WINTERS: I see.

Mr. MILLARD: Or it might be in freezer.

Mr. WINTERS: Can we assume that of the 40,693,000, 26,000,000 odd is beef?

Mr. MILLARD: Not exactly, because at the end of the month, you will see purchases would not get into sales. It has to be shipped.

Mr. WINTERS: I mean, of it what would you say would be beef?

Mr. SWAN: Of this figure 26,847,000?

Mr. WINTERS: No, of the 40,399,000, of that how much is beef?

Mr. MILLARD: 50 to 60 per cent I would imagine, as an estimate.

Mr. WINTERS: That would be roughly 20,000,000 pounds, and on that you do not show much profit according to the figures you have given us, certainly; less than 1 cent a pound, which would be at the most $200,000 for the month.

The CHAIRMAN: You are talking about 1946, now are you?

Mr. WINTERS: 1947.

The CHAIRMAN: The thing to do—I think Mr. Fleming unintentionally got us, at least he got me into a wrong perspective, because if you look at the profit and loss statement of this company.

Mr. WINTERS: Mr. Chairman, may I just complete this?

Mr. LESAGE: Let us mention November.

The CHAIRMAN: We are talking about the high period.

Mr. LESAGE: Let us mention November when you made a profit of $900,000 without accounting for the by-products—and at the beginning of December you raised your price.

Mr. SWAN: At the beginning of December?

Mr. LESAGE: Yes.

The CHAIRMAN: Yes.

Mr. LESAGE: I am quoting from Exhibit No. 94 and there was an increase in price in the first days of December of all brands—red, commercial, and cow.

Mr. SWAN: According to our figures from November 27 to December 4 our costs increased 80 cents a hundredweight, or slightly over $\frac{3}{4}$ of a cent a pound during that particular week.

Mr. DYDE: I think it would be fair to the witness, gentlemen, if we allowed Mr. Swan, for whatever it may be worth, to put in on the right hand side of this document the costs as he has worked them out.

The CHAIRMAN: Yes.

Mr. DYDE: Then perhaps we can go on and establish how he arrives at the costs and also lay a basis for some other questions which will involve Schedule 9?

The CHAIRMAN: Mr. Lesage was pursuing my point, assuming costs plus profit giving a fair return, and Mr. Swan says there have been instances when his firm has led in reductions in price but this was not one of the instances. The question was why was it not?

Mr. SWAN: That particular week?

The CHAIRMAN: Yes.

Mr. SWAN: I do not know whether we did lead or whether we did not lead, but at the end of November as I have stated the price did go up.

Mr. LESAGE: The cost?

Mr. SWAN: The price went up from $23.75 to $24.50.

Mr. LESAGE: Yes, $\frac{3}{4}$ of a cent.

Mr. SWAN: At that particular time our costs for the week ending November 27 to the week ending December 4 advanced 80 cents a hundredweight—in other words it advanced 5 cents more per hundred than the dressed selling market.

The CHAIRMAN: Perhaps I am wrong and perhaps Mr. Dyde was correct in suggesting that we should go on and come back to these figures later.

Mr. MAYHEW: Are you going to identify this particular exhibit later?

Mr. DYDE: I am proposing to submit it as an exhibit?

The CHAIRMAN: Do you not think we should have it put in now?

Mr. DYDE: I would think that the figures which are now going to be added should be on the exhibit. If we had had sufficient time between yesterday and today the figures would have been added to the document for you. I think it would be worth while having it put in as an exhibit.

The CHAIRMAN: We keep referring to it now and for the sake of evidence I think it ought to be numbered.

Mr. DYDE: I will be glad to submit it and then we can add to the exhibit the figures which I have mentioned.

EXHIBIT 102—Livestock Market Review.

Week ending	Winnipeg good steers up to 1,050 (Ex. 96)	Livestock market review: Winnipeg choice steers	Livestock market review: Winnipeg good heifers	Livestock market review: Winnipeg good fed calves	Inspected slaughterings all Canada (Ex. 97)	Cattle sold at public stockyards Winnipeg	Swift's purchases Schedule 7	Wholesale prices. Red Brand (Ex. 94)	Cost
1947									
Aug. 2	$ 13.72	$ 15.16	$ 12.07	$ 13.53	28,114	5,605	(000's omitted)	23.75	
Aug. 9	13.58	15.01	11.85	13.36	25,408	5,789			
Aug. 16	13.29	14.86	11.79	13.00	30,068	7,175	August		
Aug. 23	13.25	14.75	11.80	13.00	30,181	6,037	All Canada		
Aug. 30	13.25	14.79	12.00	13.22	26,413	5,800	12,859		
Sept. 6	13.09	14.62	12.00	13.32	21,340	4,845			
Sept. 13	12.90	14.42	11.93	13.40	21,738	6,384	September		
Sept. 20	13.00	14.50	11.96	......	9,383	1,601	All Canada 1,807		
Sept. 27	13.53	14.72	12.41	13.50	12,217	4,560			
Oct. 4	13.00	14.23	11.75	13.50	12,843	3,597			
Oct. 11	13.00	14.26	11.75	13.28	10,905	3,129	October		
Oct. 18	12.75	......	11.50	13.00	7,804	5,372	All Canada		
Oct. 25	12.75	14.25	11.06	13.00	25,206	13,624	8,293	Oct. 27, 24.50	
Nov. 1	12.92	14.34	11.38	13.02	42,531	12,857		Oct. 30, 25.00	
Nov. 8	13.50	14.65	11.85	13.50	47,832	11,870		Nov. 6, 23.75	Nov. 6, 24.74
Nov. 15	12.83	14.25	11.04	13.11	47,573	14,204	November	Nov. 13, 24.50	Nov. 13, 23.33
Nov. 22	12.42	......	10.53	12.59	50,413	14,349	All Canada 26,847	Nov. 20, 24.50	Nov. 20, 23.22
Nov. 29	13.00	......	11.29	13.00	49,430	10,604		Nov. 27, 23.75	Nov. 27, 23.43
Dec. 6	13.50	14.75	11.94	13.50	46,575	12,285			
Dec. 13	13.48	14.75	12.00	13.49	41,716	11,521		Dec. 11, 24.50	Dec. 11, 24.03
Dec. 20	14.06	15.07	12.43	13.44	38,705	7,690	December	Dec. 23, 24.50	Dec. 18, 25.81
Dec. 27	14.25	15.34	12.50	13.50	19,498	2,964	All Canada		
3 days Dec. 31	14.65	15.75	13.22	13.98		2,689	13,022		Dec. 25, 24.68
Jan. 3					21,132			Dec. 31, 26.00	Jan. 1, 28.89
1948									
Jan. 10 (10 days)	15.25	16.69	13.99	14.52	30,583	8,385	January	Jan. 8, 27.00	Jan. 8, 28.55
Jan. 17	14.75	16.25	13.50	14.41	36,030	8,047	All Canada	Jan. 20, 26.50	Jan. 15, 28.25
Jan. 24	14.61	16.10	13.22	14.19	31,435	5,174	13,331	Jan. 26, 26.25	Jan. 22, 28.33
Jan. 31	14.53	15.80	13.00	14.00	26,823	4,475		Feb. 2, 27.00	Jan. 29, 27.39
Feb. 7	14.55	15.78	13.00	14.00	26,966	4,577		Feb. 10, 27.00	Feb. 5, 27.43
Feb. 14	14.45	15.25	13.00	14.00	27,559	4,485	February	Feb. 12, 26.50	Feb. 12, 28.03
Feb. 21	14.41	15.62	13.00	14.00	24,255	3,539	All Canada	Feb. 24, 26.00	Feb. 19, 27.71
Feb. 28	15.00	16.00	13.54	14.25	22,920	3,438	13,589		Feb. 26, 27.14
Mar. 6	15.00	16.00	13.53	14.45	24,382	4,166		Mar. 2, 26.50	Mar. 4, 28.14
Mar. 13	15.00	16.02	13.68	14.73	24,621	2,604		Mar. 9, 27.00	Mar. 11, 28.25
								Mar. 16, 27.25	

Packers brief it seems to me the information there is the kind of information and the kind of tabulation which we want. That was the consolidation of profit and loss on all kinds of meats, including by-products. If Mr. Dyde would not mind taking a look at that he might give us his view.

Mr. DYDE: While Mr. Millard is looking that over I might say that page 62 is information requested by us after we received other material which Canada Packers produced. I think Swift's could produce similar figures and I am sure it would help us.

Mr. FLEMING: Would it not give the answers to these questions which are being asked this morning?

Mr. MAYHEW: It would be on a uniform basis too.

Mr. FLEMING: Yes, I think it would be far more illuminating to this committee.

The CHAIRMAN: I wonder if I could ask a question. If you take schedule 4 for 1946 and 1947 you will see that for most of those months in those two years you show a loss on meat operations—or operations of your meat department—yet your general net or profit and loss position as contained in schedule 3 shows that for most of the years from 1936 to 1947 you have made substantial profits. Now where do you make profits if you do not make them in the meat department?

Mr. MILLARD: Well, perhaps in by-products, glue, tankage, the shortening department, butter, poultry, eggs and cheese.

The CHAIRMAN: When you come to determine your meat price do you take into account your general position in those other departments?

Mr. MILLARD: No, sir.

The CHAIRMAN: What do you say about the desirability of doing that?

Mr. MILLARD: We consider each department should stand on its own feet.

Mr. PINARD: You mean every year you attempt to make a profit in every department? In other words, you do not expect to show a loss for a year in one department and compensate by a profit in another?

Mr. MILLARD: We do not accept the principle that a loss in one department can be justified by a profit in another.

Mr. THATCHER: Mr. Chairman, I apologize—

The CHAIRMAN: I think that is an important reply.

Mr. WINTERS: It is fair enough.

Mr. PINARD: I do not see why.

Mr. MAYHEW: It is an absolutely sensible reply.

Mr. IRVINE: In that case you should have gone out of the meat business long ago.

Mr. PINARD: I do not see how you can operate at a loss in one department all the time and I know that is not sensible, but do you not think it possible, in order that the consumer may have the benefit occasionally, to stand a loss for a time in one department and compensate in another?

Mr. MILLARD: We do; that is the only way we stay in business.

Mr. WINTERS: They do, but there is no reason why they should not aim at a profit.

The CHAIRMAN: That was not his reply.

Mr. FLEMING: His answer was that they did not regard a profit in one department as justifying a loss in another.

Mr. MILLARD: That is right.

The CHAIRMAN: It was just the other way around. He did not justify a loss in one department as being compensated for by profit in the other. That was his reply.

Mr. FLEMING: I think it has the same meaning. If you wanted to run a business you would not be concerned only with the over-all profit regardless of deficits in various departments, because it would mean the public would be paying more than was justified for some products because meat was not showing a profit.

The CHAIRMAN: We may argue that later.

Mr. PINARD: Is not that what is done in the retail trade and in department stores? For instance, they expect to take a loss on sales of some articles and compensate for that loss by what they make on other articles.

Mr. MILLARD: I really could not say.

Mr. THATCHER: Could I say something?

The CHAIRMAN: Yes, Mr. Thatcher.

Mr. THATCHER: I apologize before I say it, but as far as I am concerned I do not see how we can proceed until we have more figures, particularly the figures of the profit and loss statement of the company for each month after the ceilings were removed. I speak particularly of the figures on profit on schedule 4, and certain other figures which have been discussed and I would move that this hearing be adjourned, as far as Swift's are concerned, for two or three days until they can obtain those figures, and then we can continue.

Mr. FLEMING: We do not need a formal motion. You have handled these situations before by simply directing the witnesses to stand down and telling them to come back with what we want. It seems to me that what we want is information comparable to that supplied by Canada Packers at page 62.

The CHAIRMAN: Is that the feeling of the committee?

Mr. FLEMING: I think you might ask Mr. Dyde his feeling with respect to my suggestion? Is not the information which we require contained on page 62 of Canada Packers brief?

Mr. DYDE: Yes, I think that is correct. If it is decided that Mr. Millard should be asked to bring figures in that way I have one other suggestion to make. I have a few general questions with which we might complete our time this morning. I agree that it would be valuable to the committee to have figures comparable to those set out on page 62 of Canada Packers brief.

Mr. MILLARD: I think is will be recognized that you received these figures from Canada Packers after you sent your questionnaire?

Mr. DYDE: That is right; and I am making no reflection whatever on Mr. Millard, who has answered the questions I asked him.

Some Hon. MEMBERS: No, no; no reflection.

The CHAIRMAN: No; we just want to get the figures themselves. We are after the facts.

Mr. MILLARD: I understand, and we want to give you the facts. We have nothing to hide.

The CHAIRMAN: When could we get the figures?

Mr. MILLARD: I cannot say how long it will take but as soon as we get back we will start, and I will keep in constant touch with Mr. Dyde.

The CHAIRMAN: That will be all right.

Mr. MAYHEW: I think it should be understood that the members of this committee have not got the impression in their minds that there is something wrong with the witnesses who have been brought here.

The CHAIRMAN: That is right, we just want the facts and there is no other suggestion.

Mr. MILLARD: We want to give you the facts. We are not hiding anything.

The CHAIRMAN: There has not been any suggestion of that.

Mr. LESAGE: Mr. Dyde, you could also ask for the figures which I requested yesterday?

Mr. DYDE: Yes, I have a note of those figures.

The CHAIRMAN: I understand that Mr. Winters and counsel have some other questions which can be usefully put now?

Mr. DYDE: Yes. I understand that Mr. Millard has figures which I asked him to produce with reference to condemnation insurance. You have those figures I think, Mr. Millard?

Mr. MILLARD: Yes.

Mr. DYDE: And would you please read the figures first with regard to—do you have the figures separately for beef and pork?

Mr. MILLARD: Yes, we have them separately for cattle and hogs.

Mr. DYDE: That is fine. Would you read the figures over the period of years?

Mr. MILLARD: I have the figures from 1939 to date.

Mr. DYDE: Would you please read them for cattle first?

Mr. MILLARD: May I explain what the figures are.

Mr. DYDE: Yes.

Mr. MILLARD: They are the results—we call them condemnation insurance results, and it is the difference between condemnation insurance collected plus the recovery value of the product that is condemned as compared to the cost of the condemnation. In other words it is debit and credit and these are all debit figures. In the 1939 fiscal year we had a loss of $43,251.

Mr. DYDE: This list is for cattle?

Mr. MILLARD: It is for cattle, yes. In 1940 there was a loss of $30,825; in 1941 there was a loss of $35,406; in 1942 there was a loss of $50,983; in 1943 there was a loss of $52,172; in 1944 there was a loss of $35,710; in 1945 there was a loss of $56,597; in 1946 there was a loss of $106,269; in 1947 there was a loss of $101,273; in 1948—eighteen weeks—there was a loss of $59,286.

Mr. DYDE: You also have comparable figures for hog condemnation insurance?

Mr. MILLARD: The hog figures start with 1939 and there was a loss of $8,343; in 1940 there was a loss of $10,504; in 1941 there was a loss of $1,103; in 1942 there was a loss of $3,322; in 1943 there was a loss of $11,343; in 1944 there was a loss of $33,516; in 1945 there was a loss of $20,362; in 1946 there was a loss of $11,055; in 1947 there was a loss of $7,254; in 1948—eighteen weeks—there was a profit of $3,010.

(Mr. Maybank took the chair.)

Mr. IRVINE: What does all this loss mean? Does this mean the value of the cattle condemned? Is that your loss over and above the insurance?

Mr. MILLARD: That is right.

Mr. DYDE: When you say "that is right" you mean that as an answer to the latter part of Mr. Irvine's question?

Mr. MILLARD: Those figures are losses to us.

Mr. THATCHER: Above the insurance?

Mr. MILLARD: We add the insurance and the recovery value in the tank of the condemned animals.

Mr. FLEMING: It is a net loss?

Mr. MILLARD: That is right.

Mr. FLEMING: And you have had a net loss all the way through with respect to cattle, and all the way through until the present fiscal year with respect to hogs?

Mr. MILLARD: That is right.

Mr. PINARD: Would you tell us with respect to cattle, why the loss seems to increase over the years? Is it because of the value of the kill?

The VICE-CHAIRMAN: Are you giving an aswer, Mr. Millard?

Mr. SWAN: The kill for 1945, 1946, 1947 was greater than in previous years.

Mr. PINARD: That would explain the increased loss?

Mr. SWAN: It is an increase in the kill.

Mr. DYDE: Some question was raised by witnesses before the committee earlier, Mr. Millard, and one witness said that the producers had asked the packers for a statement with reference to the fund. He did not say any packer in particular, and that they had not been able to get any particulars. Do you recall ever having been approached by the producers to give them the figures of fund?

Mr. MILLARD: Not to my knowledge.

Mr. DYDE: Are you willing to give figures like these to the producers at any time?

Mr. MILLARD: Offhand, I would say yes, without thinking it through.

Mr. DYDE: So far as you recall, you have had no request other than the present one to produce these figures?

Mr. MILLARD: That is right.

Mr. FLEMING: May I interrupt at this point, Mr. Dyde? I suppose each of the packing companies handles its condemnation insurance strictly on its own individual basis?

Mr. MILLARD: I do not understand your question, Mr. Fleming.

Mr. FLEMING: There is no common method—perhaps I should not suggest that. Has there been any agreement among the packers as to any common method of handling the condemnation insurance, common rates or common methods of accounting?

Mr. MILLARD: I do not know how any other packer handles his accounting.

Mr. FLEMING: It has not been a matter of consultation, so far as you are concerned, with any company?

Mr. MILLARD: Once we get the insurance, once we make the deduction: that is how it is handled on the books of the company.

Mr. FLEMING: Do you decide what the rates are to be? We were told those rates had been in effect for some time?

Mr. MILLARD: The rates are all the same, condemnation insurance rates; all packers are deducting the same amount on condemnation insurance.

Mr. FLEMING: Is that a matter of agreement among the packers? We call this insurance, but it is not insurance in the strict sense of the word. Each company has handled its own fund in this respect. It is a deduction, a percentage or a rate on each animal handled?

Mr. MILLARD: That is right.

Mr. FLEMING: That is going into a private fund out of which losses are mutualized?

Mr. MILLARD: That is right.

Mr. FLEMING: Now, the rates are uniform?

Mr. MILLARD: That is right.

Mr. FLEMING: What I want to get at is the extent to which there has been agreement among the packing companies as to the basis of their handling these condemnation deductions and their methods of accounting?

Mr. MILLARD: Well, I think I can answer your question. This condemnation insurance was in effect before I ever started to work with the company. It started around 1912 and there was a meeting under the chairmanship of Doctor J. G. Rutherford, then livestock commissioner for Canada. It was attended by the drovers and senior officials of the Department of Agriculture and the packers. It was agreed at that meeting, at that time, 15 cents per head would be the reduction on all cattle marketed between January 1 and June 30, and 20 cents a head on all cattle marketed between July 1 and December 31. I think that was about the start of it. It has been carried on, jointly, between the producers and packers since that time.

Mr. FLEMING: Your statement suggests that the government through the Department of Agriculture took the initiative in this matter in 1912?

Mr. MILLARD: That is right.

Mr. FLEMING: To what extent has it been privy to any variations of the arrangement since? We were not told earlier about the government having anything to do with this matter of condemnation insurance.

Mr. MILLARD: Well, I cannot say what they have had to do with it since that time, Mr. Fleming.

Mr. FLEMING: Has there been a general variation in rates since that time, since 1912?

Mr. MILLARD: Yes, the rates have been changed.

Mr. FLEMING: Were they changed throughout the trade when these changes were made or were individual changes made by each company?

Mr. MILLARD: I think it was throughout the trade.

Mr. FLEMING: You have not the figures or the dates showing when this was done, when the revision of the rates occurred?

Mr. MILLARD: Yes, I have for western Canada. In 1912 and up to August 1, 1945 it was one-half of 1 per cent on the live value.

Mr. HARKNESS: That is for cattle or hogs?

Mr. MILLARD: Cattle.

Mr. FLEMING: No changes from 1912 to 1945?

Mr. MILLARD: According to my statement here.

Mr. IRVINE: I do not want to interrupt Mr. Fleming's inquiry, but I should like the witness to be questioned on the figures given by Mr. Tummon. He gave us the rate which is charged. He gave us the number of head upon which it is charged. He gave us the number of cattle that had been condemned during certain periods and showed us the enormous balance. I want to know how these tremendous losses came about when the balance was shown by the other witness.

Mr. DYDE: I was going to ask some further questions and I should be very glad if you would keep in touch with my questions to see whether they complete the picture or not.

In the first place, Mr. Millard, here is one bit of information we have before us. We were given a report of the Veterinary Director General which showed the percentage of condemnations for both cattle and hogs over a period from 1937 to 1947 and the percentage of hogs has never been higher than 0·28—this is for all Canada—and it has dropped in one or two years to 0·22. It has fluctuated between a low of 0·22 to a high of 0·28 per cent. Could you explain, under those circumstances, why, if you are obtaining a half of one per cent, you should still show a loss?

Mr. MILLARD: Well, of course, that is for all of Canada. I have not got a breakdown, but I think the condemnation losses in western Canada are higher than they are in eastern Canada.

Mr. DYDE: Do the companies keep funds? You keep your own condemnation fund?

Mr. MILLARD: That is right.

Mr. DYDE: Do you re-insure with an insurance company?

Mr. MILLARD: No.

Mr. DYDE: So that the fund is entirely in the control of the Swift Canadian Company so far as condemnations in your plant are concerned?

Mr. MILLARD: Yes.

Mr. DYDE: Then, if my figures on the percentage of hogs are correct, it must lead us must it not, to the conclusion that you have got more condemnations in your plant than are proportionate to the condemnations in Canada?

Mr. MILLARD: Well, of course, that is a percentage on hogs.

Mr. DYDE: That is right.

Mr. MILLARD: Of course, there are parts of the hog condemned, too.

Mr. DYDE: Yes, this is the whole animal because those are the only figures we were able to get.

Mr. MILLARD: There are parts of the hog condemned, as well.

Mr. DYDE: It still makes it a little difficult for me to see why we should be so wrong with the veterinary director general's figures because they do show a very low percentage of condemnations. If you are collecting a half of one per cent, it would appear, at first sight—

Mr. MILLARD: That half of one per cent is on the value of the hog.

Mr. DYDE: —and it is the hog of which they are speaking here in the percentage of condemnations. Am I making my meaning clear?

Mr. MILLARD: Yes, I understand what you mean.

Mr. FLEMING: May I ask Mr. Dyde, is it clear from the figures of the veterinary director general that those are figures for the whole animal only and not the parts?

Mr. DYDE: The whole animal, and not the parts. If I may move, for a moment, to cattle, Mr. Millard, we find that the same figures showed the percentage in cattle was higher than the percentage of condemnation on hogs but that has been improving considerably over a ten or twelve year period.

In 1937, 1·25 per cent of the cattle were condemned, and that percentage rose until 1939, but got down to 0·80 in 1946 and 1947. From those figures, it would appear to this committee as though there was a very great improvement in the percentage of cattle condemnations over the period. This does not seem to be borne out by your figures, does it?

Mr. MILLARD: No. Of course, the figures for the whole cattle do not include the parts.

Mr. DYDE: No.

Mr. MILLARD: And the condemnation figures will vary according to the number of cows which are killed.

Mr. DYDE: Yes, of course, you get a higher rate on cows.

The VICE-CHAIRMAN: What do you mean?

Mr. DYDE: Mr. Brown told us the producer pays 20 cents a head for heifers and steers and 50 cents a head on cows; that was the present rate.

Mr. MILLARD: In Ontario, it is 20 cents a head on steers and 50 cents on cows.

Mr. IRVINE: Do the rates differ in the west, the condemnation rates?

Mr. MILLARD: In the west from Ontario?

Mr. IRVINE: Yes.

Mr. MILLARD: At the present time, it is 20 cents a head on steers and 50 cents on cows in western Canada and the same in Ontario.

Mr. FLEMING: Earlier, the witness got to the point of giving me figures on the rates charged in respect of beef which were changed in 1945. They were in effect from 1912 to 1945 without change, but there was a change in 1945. Was that an upward change in the rate?

Mr. MILLARD: In western Canada, it was a half of one per cent at that time. Then, it was changed to 20 cents a head on steers, heifers and bulls and 50 cents a head on cows.

Mr. FLEMING: Did that represent an increase in rate in 1945?

Mr. MILLARD: Of course, it all depended on the values at that time.

Mr. FLEMING: Has it worked out as an increase or decrease in rates since?

Mr. MILLARD: Well, in Ontario, it is still 20 and 50. Now, if Ontario were to substitute a half of one per cent on the high values, it would be a lot more.

Mr. FLEMING: You mean, in effect, that the new rates are lower than they would have been if the old percentage rate continued in effect?

Mr. MILLARD: Oh yes, with the higher market.

Mr. FLEMING: In other words, what was done in 1945 represented a reduction in the rate charged to the producer. Then, how about pork?

Mr. MILLARD: Hogs have always been a half of one per cent.

Mr. FLEMING: There has been no change in this rate since 1912?

Mr. MILLARD: No, sir.

Mr. FLEMING: You indicated earlier that this condemnation insurance was first set up and the rate established on the initiative of the government through the Department of Agriculture. Did that department initiate the change in rate in 1945, or how did the change come about?

Mr. MILLARD: I could not say, I do not know.

Mr. FLEMING: Has anyone in your organization the answer to that question?

Mr. SWAN: That came about, I think, because the Western Cattlemen's Association applied for a reduction and, at that time, it was in 1945, the reduction was made. So far as I know, the government did not have anything to do with that reduction.

Mr. FLEMING: In other words, that was a case of direct representations being made to the different packing companies, individually, by the western cattle dealers?

Mr. SWAN: No, not individually, through the Council, the packers' Council.

The VICE-CHAIRMAN: Do these last figures mean that you take all the insurance money acquired in the manner you have been describing and the fund is completely used up in that year, and that it is not enough to pay you for the value of the animals and the meat condemned? This loss occurs because the fund is exhausted which has been acquired in that year?

Mr. MILLARD: That is right.

The VICE-CHAIRMAN: And that is so, year by year? Is there any surplus some years, and do you carry that surplus over?

Mr. MILLARD: No, it has been a loss every year except—

The VICE-CHAIRMAN: There has been in the years you have mentioned so far, yes.

Mr. MILLARD: Well, it is written off in our results at the end of the year.

The VICE-CHAIRMAN: Your books are closed and put away, so far as this fund is concerned. You start all over on a fresh sheet?

Mr. MILLARD: Start all over.

The VICE-CHAIRMAN: Then you said, as I understood it, you placed a value on the carcasses. Did you mean that somewhat reduced this loss, or is that taken into consideration already?

Mr. MILLARD: That is taken into consideration; we credit the fund with the recovery value of condemned animals.

The VICE-CHAIRMAN: That has been taken into consideration already, before you stated these figures?

Mr. MILLARD: Yes.

Mr. WINTERS: How much would be collected last year, for example, from the producers by way of condemnation insurance claims on beef?

Mr. MILLARD: I would not have the least idea, Mr. Winters.

Mr. IRVINE: You mean, for your own business, you would not have any idea?

Mr. MILLARD: Were you referring to our own?

Mr. WINTERS: To your own business, yes.

Mr. MILLARD: We could get that figure.

Mr. SWAN: We do not keep it separate. It would mean we would have to find out how many cows we slaughtered, how many steers we slaughtered at all points.

Mr. MILLARD: You want to know, in dollars, what we took in from the producer?

Mr. IRVINE: Yes.

Mr. MILLARD: Mr. Landon, you could give him those figures?

Mr. LANDON: We could give them. It is a question of going though each month for the last year.

Mr. PINARD: We have heard mention of the packers council for the first time. Is that council in existence today? Is it a council of the principal packers?

Mr. MILLARD: Practically all the exporting packers belong to it.

Mr. PINARD: Who is president of the council now?

Mr. MILLARD: I am.

Mr. IRVINE: I suppose one thing you never discuss there is prices?

Mr. MILLARD: It is one thing I will not sit in the room and discuss. I will walk out of the room if they start discussing it.

Mr. FLEMING: Have you ever had to do that?

Mr. MILLARD: No.

Mr. FLEMING: How long have you been connected with the council?

Mr. MILLARD: This is my first year as president.

Mr. FLEMING: How long have you sat on the council?

Mr. MILLARD: As an official?

Mr. FLEMING: No, how long have you sat on the council?

Mr. MILLARD: Five or six years, as a guess.

Mr. FLEMING: Can you say you have been at all the meetings in that time—what I want to get at is this; have you ever, in that period, had occasion to hear prices discussed?

Mr. MILLARD: In the five or six years?

Mr. FLEMING: In the five or six years you have been a member?

Mr. MILLARD: They might talk about beef prices, yes, but they do not get into any discussion about fixing prices, certainly.

Mr. Lesage: Surely, during the war there was discussion about The Wartime Prices and Trade Board prices being either too low—

Mr. Millard: The council, at the request of the government, set up committees to come down to Ottawa and talk about prices.

Mr. Dyde: Before we leave, there is one figure, Mr. Millard, on condemnation and I am wondering if this will help us. In the director general's report, for the year 1946-1947, there were 12,457 cattle condemned in all Canada. Do you happen to know how many were condemned in Swift plants?

Mr. Landon: We cannot tell you that right now, we can arrive at the number.

Mr. Irvine: How can you find what the loss was if you do not know how many were condemned?

Mr. Landon: I did not say we did not know how many were condemned. I said we can arrive at the number that were condemned.

Mr. Irvine: How could you come to bring just the one figure?

Mr. Landon: That is all we were asked for, our yearly results.

Mr. Millard: It was my understanding—

Mr. Irvine: Surely you were asked for a list.

Mr. Millard: We were asked for our results in the condemnation insurance account.

Mr. Dyde: I would like to be fair to myself in this.

Mr. Irvine: I don't imagine you would ask for that.

Mr. Dyde: I think I asked for particulars about the condemnation fund, leaving it to you to bring the information that would be of use to the committee.

Mr. Millard: During the course of our preliminary investigation the question was raised as to the rate of condemnation insurance and the present condition of the fund. It would be well to get the information about this matter so as to be able to answer the question.

Mr. Dyde: It was pretty general because I did not know at that time what I was asking for.

Mr. Fleming: I suppose other witnesses who are coming for other companies will have a table of figures for us similar to that which was read into the record this morning.

Mr. Dyde: Certainly I know that some of the other companies are able to give us figures. I think somebody may be able to give us fuller figures.

Mr. Fleming: Were Canada Packers asked for that?

Mr. Dyde: No. They were asked to bring the figures with them but we never got to the point of having them placed on the record.

Mr. Pinard: What is this witness able to give us?

Mr. Dyde: The point was raised by the producers themselves, and quite frankly I thought it might be of some use to the committee; how much, was problematical; but I felt we ought at least to publish the findings.

Mr. Fleming: I suppose that is a thing we will have to get from each of the packers as they appear, then collate them and total them.

Mr. Pinard: And then draw our own conclusions from that.

Mr. Irvine: May I raise this point? If such a loss as has been indicated holds in all companies on condemned cattle that will mean that the dealers in cattle have to increase their prices correspondingly or go out of business ultimately. It does have that effect.

Mr. Fleming: That would rather mean that the packer is going to have to raise rates in order to wipe out the deficit on condemnations.

Mr. Irvine: There may be some way of getting it.

The VICE-CHAIRMAN: Just before we adjourn, would it not be wise for Mr. Dyde to arrange to have a letter sent back asking for much more information with respect to this, indicating what might be desired?

Mr. LESAGE: Do I understand that we are through this morning with Mr. Millard?

The VICE-CHAIRMAN: No, no. I didn't mean that. I do not know whether he is through or not. I thought this, we had to get this information from their office, and probably if a letter were filed at an appropriate time it would serve a useful purpose.

Mr. LESAGE: I have some more information that I want to get and I wanted to get it this morning. We haven't had anything yet on the wholesale price of the various cuts of pork. I have a number of questions I wanted to ask with reference to pork. We have studied the beef situation and the wholesale price of beef but not the wholesale price of pork in the domestic market.

The VICE-CHAIRMAN: I did not mean to imply that we were through with these witnesses.

Mr. THATCHER: I made a motion. I thought it was agreed on.

The VICE-CHAIRMAN: Excuse me. I did not mean to imply that we were through with the witness and that this piece of information might be supplied afterwards. I only meant that this piece of information might be supplied in the way I have suggested; but that had no reference as to whether we were through with these witnesses or not.

Mr. IRVINE: I think you ought to see that they are supplied because we want that information, whether we call them back tomorrow or the week after.

The VICE-CHAIRMAN: We will adjourn until 4 o'clock.

The division bell having called the members to the House the committee resumed on their return at 4.25 o'clock p.m. The Vice-Chairman, Mr. R. Maybank, presided.

AFTERNOON SESSION

Messrs. Millard, Swan, Landon and Mulock, recalled.

The VICE-CHAIRMAN: I see a quorum, gentlemen. Order.

Mr. DYDE: Mr. Millard, would you please turn to our Exhibit 94, and to the fifth page of the exhibit. The page to which I am directing your attention is headed, "comparison of wholesale pork prices with former ceiling prices"; and I am referring particularly to the column under the heading "Winnipeg".

The VICE-CHAIRMAN: Mr. Lesage, occupy the chair for ten minutes, will you?

(Mr. Lesage assumed the chair.)

Mr. DYDE: Mr. Millard, I was directing your attention to the column of figures under the heading "Winnipeg", and I find there that the former ceiling was 24½ cents a pound; and I find as I go down that line of figures those prices increased not by very much but by a small amount during November and December, and that there is a marked increase opposite January 8, 1948, when it went up to 31 cents a pound. Now, leaving out the advance in January for the minute, have you any remarks to make with regard to the increase of price which occurred during November and December? I might frame my question this way; why did the prices go up in that period?

Mr. MILLARD: I don't know. I haven't any prices of our own for that period, but if I can see the price of hogs—

Mr. DYDE: On page 8, of the same exhibit we have the monthly average prices per hundred weight of B-1 hogs, Toronto.

Mr. MILLARD: I think we have it in Winnipeg on Schedule 6.

Mr. DYDE: On Exhibit 96, we have a summary of average prices, and I am referring to the same page of Exhibit 96—I think you have a copy of Exhibit 96, Mr. Millard—on the second page of Exhibit 96, again under the heading "Winnipeg" we have the average price for this particular type of pork during the period from August 2, 1947, through the succeeding month until March; and I would confine my attention there to the figures under Winnipeg and down to the end of December. Now, before you reply, I would also like to call your attention to your own material, Schedule 6—prices actually paid for A grade hogs at Winnipeg by your own company. Now, does this depend on your costs, as it did in beef, and therefore are we unable to examine this until you bring in cost prices similar to the prices in beef; or, can you answer it from these figures?

Mr. MILLARD: Now, what you want us to say is this, you want to know why in November and December the price rose over the ceiling price?

Mr. DYDE: Yes, up to the end of December.

Mr. MILLARD: I can't give you a reasonable answer to that.

Mr. DYDE: Could you give me a reasonable answer by examining your costs similar to the way you did in beef?

Mr. MILLARD: Might throw some light on it.

Mr. DYDE: Well, we are looking for light, and it is just the best way of getting it that I am trying to find out at the moment.

Mr. MILLARD: Of course, these prices are the average market prices in Winnipeg.

Mr. DYDE: Yes, that is if you are referring to Exhibit 96.

Mr. MILLARD: Yes. I do not know how many we sell. I think the total is very small—carcass hogs.

Mr. DYDE: But you have also given me on schedule 6, the price which you actually paid.

Mr. MILLARD: Where do you get that?

Mr. DYDE: For A grade hogs. The B-1 price hogs would be somewhat slower?

Mr. MILLARD: Yes, 40 cents lower.

Mr. DYDE: Is there always a 40-cent difference?

Mr. MILLARD: Yes.

(Mr. Maybank resumes the chair)

Mr. DYDE: So that if you look at schedule 6, we can see definitely, can we, that for the B-1 hogs the price would be 40 cents lower throughout?

Mr. MILLARD: Yes.

Mr. DYDE: And we still in your opinion have not got enough information for you to be able to answer questions as to why the price went up during November and December?

Mr. MILLARD: We would have to examine into costs and selling prices.

Mr. LESAGE: Don't you think in this case, pork, we could get the answer from schedule 6?

Mr. MILLARD: Of course—

Mr. LESAGE: And in November and December you were paying a higher price for hogs than you were paying in August and September, if you look at your schedule C. That is the answer. There was 2 cents difference there.

Mr. MILLARD: The price we paid in November and December is higher, yes.

Mr. LESAGE: That is what I mean. Would that not be the reason why you had to sell your pork at a higher price? You were paying $2 more a hundredweight for hogs.

Mr. MILLARD: Yes. I was a little confused looking at those three reports.

Mr. DYDE: There are a lot of papers there.

Mr. MILLARD: Our costs at Winnipeg did go up. We were on strike in September and most of October, but at August 30 it is $20.50, and in November it was $22.26, and so on, as outlined in schedule C.

Mr. DYDE: The question that occurs to me at the moment is this. You have given the reason for your increased selling price by referring it to the cost to you of the hog. When you spoke to us about the beef situation my understanding was that you had to go through a more complicated procedure before you really knew whether your beef was costing more or not because of the various grades, and so on. Does the same apply in hogs?

Mr. MILLARD: Those are A-1. The total cost would be relative to that.

Mr. DYDE: I thought before the total cost of your beef would be relative to the average price but you taught me differently, or at least, you indicated that was not the thing to follow, but now are you saying that is the thing to follow in hogs?

Mr. MILLARD: Well, of course, it all depends on what kind of hogs you are selling. If you are selling A-1 hogs, it would relate to the cost factor. If you are selling B-1 grade of hogs the price here is about 40 cents lower.

Mr. DYDE: So that the factor we really have to look at in pork is the cost to you of the hogs?

Mr. MILLARD: That is right.

Mr. HARKNESS: May I interject? What do you do with the major part of the A-1 hogs you buy? Do you convert them into Wiltshire sides for export or sell them domestically?

Mr. MILLARD: The major portion, except the bruised hogs, goes into export.

Mr. HARKNESS: The major part of the A-1 hogs are exported so they do not enter into the local meat picture?

Mr. MILLARD: Not to any extent.

Mr. DYDE: Then may I go to December 31 and the first week in January, 1948?

The VICE-CHAIRMAN: Before you do that, the fact they are taken off the market and exported surely does exercise some influence upon the local market for these Wiltshires. You said the major part of the grade A hogs are exported as Wiltshires. And then you said they do not enter into the domestic picture at all, but would it not be so that by reason of them being taken off the market altogether that would have some effect upon prices?

Mr. MILLARD: I think so. They would take that much off the domestic market, and there is that much less to sell.

The VICE-CHAIRMAN: The fact of that large export does affect the Canadian price, does it not?

Mr. MILLARD: I would say so.

Mr. DYDE: I think you will be able to answer this question without much trouble. Why is there a very considerable increase in your selling price at the first week in January, 1948?

Mr. MILLARD: That was due to the advance in hogs brought about by the advance in Wiltshire prices.

Mr. DYDE: Arising out of that I have one or two questions which I think you might help us with. If you have an advance in price under the United Kingdom contract for Wiltshire sides does that inevitably mean that the Canadian consumer must pay more for pork?

Mr. MILLARD: Yes, because the hog market advances to the export level.

Mr. DYDE: In other words, you cannot have two prices.

Mr. MILLARD: I do not see how it could be possible.

Mr. DYDE: The Canadian consumer must pay the equivalent being paid by the United Kingdom consumer; is that right?

Mr. MILLARD: Unless we sell for less and take a loss.

Mr. DYDE: You would not necessarily have to take a loss, would you, to sell for less?

Mr. MILLARD: It all depends on how much less we sold it for.

Mr. DYDE: But it does not follow—

Mr. MILLARD: Generally speaking the price for hogs is the export market, and the domestic market levels out to that.

Mr. DYDE: Can you tell the committee whether, following the 1st of January, 1948, the Canadian hog producer got the whole benefit of the increase in price?

Mr. MILLARD: As far as we were concerned he did.

Mr. DYDE: Have you any means by which you can show us that?

Mr. MILLARD: Well, on schedule 6, January 3, the price advanced from $22.17 to $23.20; January 10, $23.20 to $27.58. That is a total of $5.41.

Mr. DYDE: Yes, go on from there. That is what the farmer got, a total of $5.41 more?

Mr. MILLARD: In those two weeks.

Mr. DYDE: Is that all he should have got in view of what you were getting under the increased United Kingdom prices?

Mr. MILLARD: According to our way of figuring, yes.

Mr. DYDE: Well, what is your way of figuring?

Mr. MILLARD: Seven cents advance in Wiltshires is $5.42 on hogs per hundred-weight.

Mr. DYDE: Seven cents advance on Wiltshires. Is this in accordance with a costing method of some kind that you worked that out?

Mr. MILLARD: It is the way we figure it. We figure out of every 100 pounds of warm dressed hog we get $77\frac{1}{2}$ pounds of Wiltshires, warm. Multiply that by 7 and I think you will get $5.40 odd cents.

Mr. DYDE: Yes. So after January 1, 1948, what you did in effect, in order to arrive at the price you paid to the farmer, was to work back from the export price. Is that fair?

Mr. MILLARD: That is fair.

Mr. DYDE: And were you taking a greater share of the increased price? I think your answer to me has been that you were not taking a greater share?

Mr. MILLARD: That is right. We consider we passed that increase on to the producer.

Mr. DYDE: I come now to another point which perhaps you may consider is not quite relevant, and yet it seems to me it is. You and I have had some discussion as to whether we can show where the consumer's dollar went. We discussed the possibility of showing where the consumer's dollar went at the end of controls, and then in January, 1948, and then at a later date. Correct me if I am wrong, but I think you told me that was a very difficult thing to work out.

Mr. MILLARD: That is correct.

Mr. DYDE: Your costing methods are such that you can tell the committee how much the farmer received after the increase in January, so why is it not possible also to work out the exercise with regard to the consumer's dollar?

Mr. MILLARD: As I recall it you wanted to know what part of the consumer's dollar was returned to the producer from the sale of porterhouse steaks at a certain price?

Mr. DYDE: Yes.

Mr. MILLARD: First of all we cannot relate the consumer's purchase price of steaks to the wholesale loin of beef, because we do not know the retailers cost of cutting it or the shrink in cutting it. Relating a particular final cut out of a carcass of beef and putting a cost on it is impossible. You have got to find out what you get from the hip, the rib, the chuck, the shank, and so forth. After a study we threw up our hands and considered it an impossible job.

Mr. DYDE: I also discussed with you the possibility of doing the same sort of exercise with respect to the consumer's dollar on sliced bacon, did I not?

Mr. MILLARD: Yes, sir. You did not discuss it—our discussion was with respect to beef—but your letter mentioned bacon.

Mr. DYDE: Have you been able to make the calculations on sliced bacon?

Mr. MILLARD: No, sir, we ran into the same trouble.

Mr. DYDE: I thought, when I asked you to do the problem, that we would have a sure way for you to show the committee that at these various stages you were not taking an unfair share of the consumer's dollar. I thought it would help you to show that you do not take an unfair share, and it was with that in mind as much as anything else that I suggested the exercise. However, it has not been possible for you to do it?

Mr. MILLARD: That is right, it has not been possible.

Mr. DYDE: You still assure me that since January the product of hogs has received all the benefits derived from the increased U.K. prices?

Mr. MILLARD: That is right.

Mr. FLEMING: Would you mind speaking a little louder pleas, Mr. Millard?

Mr. MILLARD: I am sorry.

Mr. THATCHER: I do not follow the argument which Mr. Millard has used. I am referring to schedule 6 of his own chart, and he said something a moment ago about Wiltshires being only a portion of the amount. The difference in price paid for hogs between December 15 and January 10 was 5·41 cents.

Mr. MILLARD: That is right.

Mr. THATCHER: The difference in the wholesale price is 7 cents, so how do you reconcile the figures?

Mr. MILLARD: The 5·41 cents is based on the warm dressed hog weight

Mr. THATCHER: This chart gives the figure for 100 pounds.

Mr. MILLARD: Yes, but that is for warm dressed hogs.

Mr. THATCHER: What do you mean by warm dressed?

Mr. MILLARD: The hogs are weighed on the killing floor by an automatic scale and graded by the government grader. The weights are warm weights.

The CHAIRMAN: There is shrinkage after that?

Mr. MILLARD: Yes.

Mr. THATCHER: Is that warm dressed weight with the by-products removed.

Mr. MILLARD: Yes.

The CHAIRMAN: Is it a Wiltshire, but still warm?

Mr. MILLARD: No, it is a warm dressed hog with the insides removed.

Mr. HARKNESS: The head is still there?

Mr. MILLARD: The head is still there.

Mr. THATCHER: I do not know whether I am wandering here, but does that mean to say that when the farmer sells you a hog you do not pay him anything for the by-product?

Mr. MILLARD: I have heard that discussed before. Certainly we pay him for the by-products because the by-products are figured against our expenses of killing the hog and what we net on the hog. The amount we receive allows us to pay more—as far as the by-products are concerned.

Mr. THATCHER: I have a letter from the president of the Ontario Hog Producers Association and he claims the packers do not pay for heart, the liver, the casings, and things of that kind?

Mr. MILLARD: That is a correct argument.

The CHAIRMAN: You do not pay it directly?

Mr. MILLARD: We do not pay it directly. If we had to weigh the heart, the liver, and the kidney, that price would have to be deducted from the carcass price. It is considered in the price.

The CHAIRMAN: It is considered in the price. I suppose it is the same thing when a woman buys a steak with a bone in it. The price is supposed to be a little less because of the bone?

Mr. FLEMING: I think it is a converse case.

Mr. MILLARD: The price paid is inclusive of those products.

The VICE-CHAIRMAN: It is the same thing but in this case the position is reverse.

Mr. FLEMING: He gives a price that includes those other things. If those other things were to be given a separate price the company would simply deduct the price for the liver and the other things from the price now being paid for the meat?

Mr. MILLARD: Yes.

Mr. THATCHER: Is it not a fact when these hogs come in they are put on your platform, they are opened up, the by-products are removed, they are graded, and the price is set after that time?

Mr. MILLARD: The hog is graded by the government grader.

Mr. THATCHER: And the price is set after the by-products are removed?

Mr. MILLARD: No, the price for that week is established. When the shipper ships he gets the established price for the warm dressed carcass.

Mr. THATCHER: What do you pay the farmer for the liver, Mr. Millard? There is quite a lot of liver in beef?

Mr. MILLARD: I cannot answer that, Mr. Thatcher.

Mr. THATCHER: Do you pay anything?

Mr. MILLARD: We do not actually weigh the liver and put a price on it and send him a cheque, but in figuring what the hogs are worth the liver, the heart, the kidney, is taken into consideration.

Mr. THATCHER: In some indirect way?

Mr. MILLARD: If it was not figured in and we had to pay the farmer directly, then the carcass would be priced that much lower because it is the total realization price that counts.

Mr. THATCHER: All right, thank you, Mr. Millard.

Mr. DYDE: There was one general question I would like to ask upon which I would like your views, Mr. Millard. Is there anything in a time like November and December of 1947, when you are in a free market, that the packing

industry—and Swift's in particular—could do to stem the tide of advancing prices? We find in November and December prices are advancing; we find that you are selling your meat for slightly higher price week by week. Is there anything within your power as a packer which you can do to stop that spiralling?

Mr. MILLARD: As an individual packer I would say no.

Mr. DYDE: Could the packing industry as a whole do anything?

Mr. MILLARD: I cannot answer that; I do not know. It is a pretty difficult question upon which to give a snap answer. I do not know. If you go out and put a market price on a product you materially reduce your selling price, and you would have to buy live stock more cheaply.

Mr. DYDE: You are relating your selling price now to what the cattle and hogs are costing you?

Mr. MILLARD: And market conditions.

Mr. DYDE: And market conditions. I am not sure I know what you mean by "market conditions". Would you mind telling us?

Mr. MILLARD: The market—the general market—is a combination of all the prices that the retailers are paying for products.

Mr. DYDE: Yes, but there is a little more to it than that, is there not, Mr. Millard, because the retailer in November and December was pretty well paying you what you asked of him. Is that not so?

Mr. MILLARD: That is right.

Mr. DYDE: You did not find yourself meeting resistance from the retailer in November and December, did you?

Mr. MILLARD: Not any more than normally. I think there is a normal resistance to prices every day. I will explain that in this way; the housewife may go into the butcher store and look at the price of pork chops. She will say, "They are too high for my budget". She will try to buy a cheaper cut of meat and, if enough housewives go in and do that, that would bring down the price of pork loins because we could not move them into consumption.

Mr. DYDE: I realize the difficulty of such a general question as I have asked. I realize it, I think, as well as you do. Nevertheless, this committee is sitting here endeavouring to find out about certain things and we would welcome your view on that general question, as to whether there is anything that could be done, especially by the packing industry because you are a member of that industry, when prices start to increase as they did in November, 1947 in order to hold them down, or do you try to hold them down?

Mr. MILLARD: Well, that is a difficult question to answer. I do not think I could enlarge upon what I have said, Mr. Dyde.

Mr. THATCHER: What about the time the British contract was signed, Mr. Millard, could you not have kept your prices down until your stocks in storage warehouses were depleted? Could you not have kept your prices at the old price level?

Mr. MILLARD: Our replacement value is at the higher cost, immediately.

Mr. THATCHER: Yes, I know, but I am speaking of what you had on hand. Why could you not have sold that at the price you paid for it and made your legitimate?

Mr. MILLARD: Well, because—

Mr. THATCHER: There was no reason, was there?

Mr. MILLARD: We could have given it away if we had wanted to, but our practice is to consider replacement value because there comes a time when there is a corresponding drop in inventory value.

Mr. THATCHER: Yes, but you have set up an inventory reserve to take care of that. You cannot have it both ways.

Mr. MILLARD: Yes, but we pay taxes on it.

The VICE-CHAIRMAN: Yes, you pay taxes on it.

Mr. IRVINE: We pay taxes on our homes, too.

Mr. LANDON: You must remember that the inventory reserve is on the basis of our 1936-1939 level and the amount of product we had at that time, not the amount of product we had at this time; there is a vast difference.

Mr. THATCHER: Your reserve is what, now?

Mr. LANDON: There is two million and one in the wartime inventory reserve.

Mr. THATCHER: That is without last year's.

Mr. LANDON: We will leave last year's out of it because it does not come into it. It is not exempt from the normal taxes.

Mr. LESAGE: That two million and one was not subject to the excess profits tax?

Mr. LANDON: Correct.

Mr. LESAGE: Would it be all right to ask some questions about this inventory reserve which was created during the war?

The VICE-CHAIRMAN: Mr. Dyde has finished with the witness.

Mr. DYDE: Yes, for the time being.

Mr. THATCHER: Would you not admit, in answer to Mr. Dyde's question, was there not something the packers could have done to keep prices down; that Canada Packers, Burns, the other companies and yourselves could have kept prices down for a while, at least for the stocks they had on hand if they so desired?

Mr. MILLARD: As I said a minute ago, we could have sold at any price.

Mr. THATCHER: And still have made your regular profit?

Mr. MILLARD: No, you cannot have two prices. If you keep the price down for what you have on hand, what you are buying today and processing is that much higher.

Mr. THATCHER: What you buy today and process you are not going to be selling for a certain period afterwards.

Mr. MILLARD: You sell pork loins and pork shoulders right away, fresh pork.

Mr. LANDON: What Mr. Millard means is that you would have two prices to the retailer, perhaps on the same day, on the old stock and the new stock. How are you going to separate it?

Mr. THATCHER: I see the technical difficulty.

Mr. FLEMING: May I follow up that question? Was there anything abnormal about the size of your stock inventory at the time the new British contract price came into effect? I do not ask for a lot of detail, but just the general question, was there anything unusual in the inventory?

Mr. MILLARD: Pork stocks on January 3, 1948, were 7,398 pounds.

Mr. THATCHER: But total pork was 16,000,000.

Mr. FLEMING: I did not ask for any detail, I just asked whether there was anything abnormal in the size of your inventory?

Mr. MILLARD: No, because we find quite an increase in the hog kill and the market could not absorb it. Every year we put pork away to use in the summer time, in the deficiency period.

Mr. THATCHER: Of course, this figure was 50 per cent greater than it was the year previous; 16·2 against 11·8.

Mr. MILLARD: Our hog kill is up 47 per cent.

Mr. MERRITT: That figure is actually about 25 per cent greater, not 50 per cent.

Mr. LESAGE: The total inventory reserve for the war years was $2,100,000.

Mr. LANDON: Correct.

Mr. LESAGE: Do you have a breakdown of that?

Mr. LANDON: No, sir.

Mr. LESAGE: Could you file it with the committee?

Mr. LANDON: I can.

Mr. LESAGE: I am asking this question because I believe the tax was not the same throughout the entire period. It was 75 per cent in 1941, then it was 100 per cent from 1942 to 1946. This may seem an odd question, but I am asking it of an expert accountant: supposing you take out part of your inventory reserve now to make up your inventory losses, you will have to pay tax on that. What tax will you have to pay?

Mr. LANDON: The tax is based on the last year the excess profits tax was in effect.

Mr. LESAGE: During certain years the tax was 100 per cent—

Mr. LANDON: 20 per cent refundable.

Mr. LESAGE: —80 per cent, then. If you use the inventory reserves which were set aside during the period 1942 to 1946, instead of paying a tax of 80 per cent on those amounts which you would have paid normally, you will be paying only 15 per cent?

Mr. LANDON: On the used portion, we will be paying 15 per cent.

Mr. LESAGE: It was 15 per cent in 1947, that I know. By reason of the fact you set aside some inventory reserves you will save 65 per cent of the excess profits tax; is that not correct?

Mr. LANDON: Well, the way it works out, the 65 is based on the highest rate. It is all based on the highest rate. It would be 65, but that is a government regulation.

Mr. LESAGE: I know, that is what I thought it was, but I wanted to be sure.

Mr. LANDON: In my opinion, you are correct.

Mr. LESAGE: That is what I thought, but I wanted to have your view on it. Now, Mr. Winters has asked me to ask you a couple of questions about the Maritimes, because he could not be here this afternoon. He wanted to know if your Moncton plan could supply all your customers in the Maritime provinces.

Mr. MILLARD: Our Moncton plan alone?

Mr. LESAGE: Yes.

Mr. MILLARD: No, they could not.

Mr. LESAGE: Then you have to import from other parts of Canada in order to supply your branches in the Maritimes?

Mr. MILLARD: The total Maritimes. That is right.

Mr. LESAGE: Mr. Winters asked me to ascertain what was the proportion, if you could give it to me.

Mr. MILLARD: I cannot answer that question, Mr. Lesage.

The VICE-CHAIRMAN: Is that information which could be supplied?

Mr. MILLARD: We could get a figure that would be pretty close, by taking the entire maritime sales and comparing it to what Moncton supplied. We could figure out a percentage.

Mr. LESAGE: Yes, if you could because Mr. Winters would be interested in having it.

The VICE-CHAIRMAN: That is one of the pieces of information which we would like to get, then.

Mr. MILLARD: We will write away and get that.

The VICE-CHAIRMAN: There was the suggestion made here. Two or three of the members spoke to me about it—that it would be helpful, if any person desired to have information, if he would give a memorandum of it to Mr. Dyde, so that it will be sure to find its way into his letter of request.

Mr. THATCHER: I wonder if Mr. Millard would know what the consideration was when Swift's purchased their company from Griffins.

Mr. MILLARD: Have you got that information, Mr. Landon?

Mr. LANDON: When we purchased it from J. Y. Griffins in 1902, what we paid for it I cannot tell you, but the share capital was $500,000.

Mr. THATCHER: I thought it was $5,000,000.

Mr. SMITH: This was in 1902.

The VICE-CHAIRMAN: It was only a little bit of a shop over in Elmwood.

Mr. LANDON: The share capital at that time was $500,000. Supplementary, of course it has been increased by supplementary letters patended to its present level of $12,000,000.

The VICE-CHAIRMAN: You mean, at that time the charter was only for $500,000. You do not know whether there actually was $500,000 in it; whether all the shares had been issued or not.

Mr. LANDON: I cannot tell you. I do not know if the records are still available or not. You see, it was forty-six years ago.

Mr. THATCHER: I won't pursue my point until you come back.

Mr. MILLARD: Are you going to invite us back?

The VICE-CHAIRMAN: The latch string is always on the outside.

Mr. THATCHER: As far as I can gather from the information which I have, Swift's have put about $5,000,000 into that business aside from earnings. I may be wrong.

Mr. LANDON: No. Not so far as I am aware.

Mr. THATCHER: If you would try to get that information for the next committee, the actual investment you have as a company, aside from ploughed-back earnings, I mean the share capital invested in your company since you came to Canada.

Mr. LANDON: I have it right here. You asked me if there was some money outside of share capital put into the business. I do not think there is any.

The VICE-CHAIRMAN: If you start up a business with a certain capital and you are found many years later to be very wealthy; and we start in to discover how much was put in and we find out that originally there was $100 put in, never more than that, except what was taken out of the business and then put back in again; is that the idea?

Mr. THATCHER: I want to know your return of invested capital. Could you relate your profits this year to your invested capital?

Mr. IRVINE: How much is the invested capital?

The VICE-CHAIRMAN: You mean by "invested capital" money that did not come from the earnings of the business.

Mr. THATCHER: That is right.

Mr. LANDON: There is not any that I know of which did not come from the earnings of the business.

Mr. THATCHER: It has all been natural growth from the earnings.

Mr. LANDON: So far as I can tell you, the earnings we have made since our inception in Canada have remained in Canada until a few years ago, and they have created a surplus.

Mr. LESAGE: Supplementary capital, to be worked with.

Mr. THATCHER: And there was only that $500,000 which you mentioned?

Mr. LANDON: Yes, as far as I can tell you.

The VICE-CHAIRMAN: Would you be good enough to devote yourself to that question just to see what the total of the money is which was put into this business which did not come first from it.

Mr. MILLARD: Yes, we will dig into that.

The VICE-CHAIRMAN: Let us say which is not in the nature of distributed dividends.

Mr. MERRITT: What is the materiality of that evidence?

The VICE-CHAIRMAN: I do not know.

Mr. THATCHER: When the packers say they make one-fifth of one cent a pound profit a year, and say how small that is, that is possibly true but I think the profits shown should also be related to the investment. I think both should be shown. I do not think it is fair to have one without the other.

The VICE-CHAIRMAN: I suppose we could connect it up with the reference as to how prices managed to be influenced last fall; it might be tortuous.

Mr. IRVINE: I do not think it is tortuous at all.

The VICE-CHAIRMAN: If it goes back to 1902 and there is, perhaps, the influence of 1902 upon prices in 1947.

Mr. THATCHER: No, I do not think that is right. There has been money added since, I think. I am not going into the details now because the gentlemen are not prepared to go into it. According to the journals in the Parliamentary library, there has been money added and I think the time to pursue the question is when they come back.

The VICE-CHAIRMAN: It has not been completely denied that there is some connection with the reference, but it is looked at with some dubiety by some members of the committee.

Mr. FLEMING: I was going to make an observation. If the witnesses are asked to bring back further information, I think we ought to ask ourselves right now just how material it is to the point we are directed to in this inquiry. I would not expect that we, as a group of sixteen people, would see eye to eye as to what is strictly relevant in this inquiry, but surely to goodness this question, which is now raised for the first time, has no bearing on the recent rise in the cost of living.

If Mr. Thatcher is going to relate this to the fractional profits in the handling of meat and to say that it permits him to go into the question of capitalization, then we must have something a lot more concrete to establish the relevancy of it.

Mr. THATCHER: Do you suggest that profits have nothing to do with prices?

Mr. MERRITT: I suggest that this abstruse type of inquiry does not get us anywhere on the road to bringing in a report on the question referred to us. Surely Mr. Thatcher is not going to say that the company is not entitled to some return on the capital employed.

Mr. THATCHER: I do not say that at all.

Mr. MERRITT: If we are going to go back and delve into some genealogical history as to where the money came from, we may be here for a long, long time.

The VICE-CHAIRMAN: I have some doubt as to whether there is any connection whatever between this inquiry into capital structure and the profits made throughout the last half century, to the reference to his committee which relates to the fall of 1947. The same thought was in my mind when a similar inquiry was being pursued with the last witnesses before us. But I was wondering if this might not be a fair way to conclude it for today. The witness is going to bring certain information on the capital structure because that much has been asked, I believe. You will not find it difficult to get that information Mr. Thatcher has been asking for. And if members will give thought to its relevancy

or the irrelevancy between now and the time the witnesses come back I think it is in that way that we can come to a conclusion as to whether it is relevant or not. No doubt even if it is not relevant it might be pursued on a particular case. I understand that it won't be pursued regularly. We might decide that. That is not a conclusion. But perhaps you could conclude today to let the decision of the relevancy stand until Mr. Thatcher pursues his questions at the next session.

Mr. FLEMING: I think, Mr. Chairman, what we are asking involves a considerable amount of work on their part—

Mr. THATCHER: And it would not take us five minutes to get it. If they haven't got it or can't get it I will give it to them. I will give it to them if they can't find it.

Mr. MERRITT: If Mr. Thatcher wants this, surely it is not affecting a price condition in 1947. If he wants it on that basis I shall have to ask the witnesses to bring out the amount of money it would now take to exercise the same purchasing power as $500,000 did in 1902. And that might be more difficult for Mr. Millard to bring with him. We have had two wars since then.

The VICE-CHAIRMAN: Gentlemen, I put it to you this way. Mr. Thatcher asked that certain information be brought back by the witnesses. They did not object to bringing it back. Then the question was raised as to its relevancy. I don't think we should make any ruling on relevancy until the question comes up. However, there is a suspicion that it will not be related. There is nothing wrong in asking the witness if he will bring that information, the question is as to whether examination as Mr. Thatcher apparently proposes is relevant. That could not be settled now in advance of the witnesses giving the information on their return.

Mr. FLEMING: I think the question arises when you ask the witnesses to get the information. That surely raises the question as to whether the information is relevant or not. I cannot see its relevancy.

Mr. THATCHER: In the Stevens inquiry such questions were very relevant.

Mr. FLEMING: We are not discussing the Stevens inquiry, the terms of reference were quite different and have no relation to the terms of reference now before us. We had the same thing up with the witnesses for Canada Packers. I think we all exercised a certain amount of forbearance until we saw what the purport of the questions was. We have spent considerable time with these witnesses. Now, these witnesses—

Mr. THATCHER: It may not be material to you.

The VICE-CHAIRMAN: We can get it anyway.

Mr. FLEMING: It has no bearing on the subject matter referred to the committee. I may be very interesting to some members of the committee as an investigation into the affairs of the company, but that is not what we are here for; and it may suit the CCF to carry on a vendetta with some economic interests in Canada, but that is their affair. But surely to goodness; this committee will be sitting here endlessly if it is to go into all the financial matters that do not lie within the scope of our reference. Look at all the time we will be spending if we cannot hold this thing down, we are going to be here for years.

The VICE-CHAIRMAN: Before any reply is made may I put a ruling this way: Mr. Thatcher has made a request for certain information. I will not rule that request out of order unless you wish to pursue it further to a vote that it should be out of order or it should not be out of order. Mind you, this is just a question of a request at the moment that is before us, but I will not rule that request out of order; that is, not to rule in advance on this relevancy of the questions which he may ask. Now, that is the way the thing stands at the moment.

Mr. IRVINE: Mr. Chairman, may I submit to you that as far as I am aware—

The VICE-CHAIRMAN: Mr. Irvine, may I just interject that you are apparently going to argue in favour of my ruling, and that is not necessary.

Mr. IRVINE: I am not going to argue either for or against it.

The VICE-CHAIRMAN: That is what it comes to, isn't it?

Mr. IRVINE: No. I am going to submit to you, sir, that there is nothing to the ruling at all, because already we have examined, counsel has examined practically every company that has come before this committee on matters of a similar nature when their balance sheets have been submitted.

The VICE-CHAIRMAN: Yes.

Mr. IRVINE: And then you are aware that Mr. Thatcher is not asking for anything in this case that has not been submitted in almost every case which has come before us. If it were different it might be a matter for discussion. But as I understand the questions he has in mind, that material should have been in the balance sheet in any case. And let me say this also, that if a company that started with $500,000 somewhere away back there has now a capital employed of $12,000,000 and has put no money in except what has come out of the business; to my mind that would have a material affect on prices even at the present time.

The VICE-CHAIRMAN: Just a moment now, let's not get into a continual argument on this thing. The witnesses will bring the information, and we can decide the other point then.

Mr. FLEMING: What we want relates to the years 1947 and 1948. Mr. Irvine I think is giving away his whole case there.

Mr. IRVINE: No, I will take it back if I have.

Mr. MERRITT: I am saying the same practice is going on now.

The VICE-CHAIRMAN: Stop yelling across the schoolyard. Just a moment, Mr. Merritt, please. The witness will bring the information requested. There is no furthur need for these witnesses—

Mr. THATCHER: I have not replied yet to Mr. Fleming's observations.

The VICE-CHAIRMAN: You don't need to reply. There is no reply necessary. Thank you very much, gentlemen; the latch string is on the outside of the door and you can get back in the same way a little later.

Mr. LESAGE: Mr. Maybank, I have one or two questions I wanted to ask now.

Mr. THATCHER: I wanted to reply to him.

The VICE-CHAIRMAN: Do you want to ask those questions, Mr. Lesage?

Mr. LESAGE: Yes. Mr. Fleming raised the question. It relates to these transfers from one department to the others; for instance your tankage—what do you transfer?

Mr. MILLARD: May I answer you this way; you ask the questions and I will get the information and bring it back, and then I will have it accurate.

Mr. LESAGE: How was it transferred? You konw what I mean, how do you transfer the tankage there. I suppose that a certain moment it becomes scrap and then it becomes meat meal.

Mr. MILLARD: The finished product is transferred to the stock sheet at the market value.

Mr. LESAGE: Yes, but what is lost?

Mr. MILLARD: As I said the other day, the cracklings as they come out of the expeller with the grease taken out—I mean, as the tankage comes out of the rendering tank—

Mr. LESAGE: But there is no market for it?

Mr. MILLARD: Yes.

Mr. LESAGE: There is a market for meat meal.

Mr. MILLARD: There is a market for tankage.

Mr. LESAGE: You could not sell tankage as it is?

Mr. MILLARD: Could not? Oh, yes.

Mr. LESAGE: Is there a market for it?

Mr. MILLARD: Oh, yes, there is a quoted market; so much per unit of protein.

Mr. LESAGE: I thought there was a market only for a certain product, meat meal.

Mr. MILLARD: Oh, no, there is a market for tankage and a market for cracklings.

Mr. LESAGE: There has been quite an advance in price recently?

Mr. MILLARD: I think there has been.

Mr. LESAGE: There has been a large increase, hasn't there?

Mr. MILLARD: I don't know, because I don't know what the price is just now.

Mr. LESAGE: I understand. I would like to have the prices for the last year.

Mr. MILLARD: I think the ceiling was 85 cents per unit of protein.

Mr. LESAGE: Something like that, but after the ceiling was taken off it went up. It increased in a very considerable way?

Mr. MILLARD: Whatever it was we can get it.

Mr. LESAGE: Can you give the price since the ceiling came off?

Mr. MILLARD: We can get that.

The VICE-CHAIRMAN: You will get that?

Mr. MILLARD: Yes.

The VICE-CHAIRMAN: Mr. Dyde is noting it. All right, gentlemen. Thank you. Who is your next witness?

Mr. DYDE: The officers of Burns and Company Limited.

Mr. THATCHER: I should like to reply to Mr. Fleming.

The VICE-CHAIRMAN: I know, but that does not get us any more forward. It is a case of one person saying "tis" and you having the right to say "taint". That is all it is.

(Mr. J. Lesage now presiding as acting chairman).

Reginald Stage Munn, General Manager, Burns & Company, Limited, called and sworn.

Eustace Dawson, Manager, Winnipeg plant, Burns & Company, Limited, called and sworn.

Joseph Douglas McFarland, Manager, Calgary plant, Burns & Company, Limited, called and sworn.

Mr. DYDE: Mr. Munn, would you give the committee your full name?

Mr. MUNN: Reginald Stace Munn.

Mr. DYDE: And your address?

Mr. MUNN: 4003 Fifth Street, West, Calgary, Alberta.

Mr. DYDE: And your position with Burns and Company Limited?

Mr. MUNN: General Manager.

Mr. DYDE: Mr. Dawson, would you give the committee your full name, please?

Mr. DAWSON: Eustace Dawson.

Mr. DYDE: And your address?

Mr. DAWSON: 141 Montrose street, Winnipeg.

Mr. DYDE: And your position with Burns and Company?

Mr. DAWSON: Manager, Winnipeg plant.

Mr. DYDE: Mr. McFarland, would you give your full name to the committee?

Mr. MCFARLAND: Joseph Douglas McFarland.

Mr. DYDE: And your address?

Mr. MCFARLAND: 3052 Second street, West, Calgary.

Mr. DYDE: And your position with Burns and Company?

Mr. MCFARLAND: Manager of the Calgary plant.

Mr. DYDE: Mr. Munn, you have been requested to bring certain information before the committee which I understand is contained in a folder, and you have also accompanied that with your annual reports for the last two fiscal years.

Mr. MUNN: That is right.

Mr. DYDE: Has any member of the committee not got a copy?

The ACTING CHAIRMAN: I think Mr. Beaudoin and Mr. Kuhl.

Mr. KUHL: I have one but I have not got it here.

Mr. FLEMING: I do not believe we have copies of the financial statement.

The ACTING CHAIRMAN: No, they are here.

BURNS & CO. LIMITED

Head Office—Calgary, Alberta—April, 1948.

Submissions Requested by Special Prices Committee

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Information Requested by Counsel (H. A. Dyde) on Special Prices Committee—Letter dated 25 March, 1948.

SCHEDULE 1.

(*a*) Name: Burns & Co. Limited.

(*b*) Address: Calgary, Alberta.

(*c*) Date of Incorporation: May, 1928.

(*d*) Name and address of all Officers of Company: John Burns, Chairman of Board, Bow Valley Ranch, Midnapore, Alberta; R. J. Dinning, President, 930 Prospect Avenue, Calgary, Alberta; A. C. Newton, Vice President, 2513 5th Street West, Calgary, Alberta; J. Howard Kelly, Secretary, 1007 Hillcrest Avenue, Calgary, Alberta; W. C. Stemp, Treasurer, 1433 Shelbourne Street, Calgary, Alberta.

(*e*) Directors: John Burns, M.B.E., Bow Valley Ranch, Midnapore, Alberta; R. J. Dinning, 930 Prospect Avenue, Calgary, Alberta; J. C. Hope, 83, Lynwood, Toronto, Ontario; R. R. Furlong, 1150 Prospect Avenue, Calgary, Alberta; H. R. Jackman, M.P., 3 Cluny Drive, Toronto, Ontario; H. R. Milner, K.C., 11618 100th Avenue, Edmonton, Alberta; R. S. Munn, 4003 5th St. West, Calgary, Alberta; A. C. Newton, 2513 5th St. West, Calgary, Alberta; M. M. Porter, K.C., 1011 Prospect Ave., Calgary, Alberta; D. A. Ross, C.A., 4661, Marguerite St., Vancouver, B.C.

(*f*) Burns & Co. Limited was incorporated by Letters Patent on May 14, 1928 under the Dominion Companies Act to take over as a going concern part of the business and assets of P. Burns & Co. Limited. In 1941 it purchased Dumarts Limited now known as Burns & Co. (Eastern) Limited which is located at Kitchener, Ontario.

(*g*) Name of Subsidiary Company engaged in the Meat Industry: Burns & Co. (Eastern) Limited located at Kitchener, Ontario. This Company was originally known as Dumarts Limited. Its operations cover the purchase and sale of Fresh and Processed Meats.

(*h*) Location of Plants: Calgary, Edmonton, Prince Albert, Regina, Vancouver, Winnipeg, Kitchener (Subsidiary).

Location of Sales Offices: Fort William, Montreal, Ottawa, Prince Rupert, Saskatoon, Saint John, Toronto, Victoria, Whitehorse, Windsor, Yellowknife.

(*i*) December 31, approximately, is the end of fiscal year of Company. The Company operates on a 52 weeks basis.

BURNS & CO. LIMITED

(Thirteen periods from February 27, 1947, to February 25, 1948)

SCHEDULE 2(a)—SALES OF MEAT IN POUNDS. SCHEDULE 2(b)—SALES OF MEAT IN DOLLARS.

—	Beef (a)	Beef (b)	Veal (a)	Veal (b)	Lamb (a)	Lamb (b)	Pork (a)	Pork (b)
1947		$		$		$		$
Period 3	4,970,050	1,140,390	208,026	42,659	338,543	81,699	6,636,885	1,906,964
" 4	4,435,278	1,066,340	189,989	40,020	234,962	52,029	5,659,984	1,665,253
" 5	4,626,935	1,121,926	342,664	73,011	85,251	19,782	7,182,233	2,074,285
" 6	4,474,782	1,126,709	404,492	87,527	84,847	19,127	6,464,475	1,881,503
" 7	4,945,963	1,211,007	555,529	119,138	152,851	37,869	6,656,145	1,937,180
" 8	6,093,800	1,386,674	682,825	136,843	315,313	82,858	7,468,383	2,178,262
" 9	7,316,508	1,652,375	751,862	148,353	566,128	153,289	7,570,315	2,275,711
" 10	735,542	161,548	75,996	15,000	55,792	14,678	1,029,731	313,346
" 11	2,727,026	632,550	327,060	72,253	252,659	66,086	2,672,782	856,977
" 12	7,277,591	1,592,246	935,579	202,955	567,082	138,873	11,327,815	3,403,25
" 13	7,350,422	1,613,755	485,435	112,204	329,337	77,986	9,845,366	3,006,116
1948								
" 1	7,178,153	1,800,591	480,390	125,049	354,786	98,225	9,369,948	3,168,319
" 2	6,357,949	1,561,750	440,093	120,710	377,719	101,548	8,201,658	2,869,814
Total	68,489,999	16,067,861	5,879,940	1,295,722	3,715,270	944,049	90,085,720	27,536,987

—	Other meats (a)	Other meats (b)	Total meats (a)	Total meats (b)	Canned goods (a)	Canned goods (b)
1947		$		$		$
Period 3	2,422,251	591,076	14,575,755	3,762,788	1,272,071	301,023
" 4	2,356,783	587,651	12,876,996	3,411,293	1,456,485	363,902
" 5	3,052,815	743,480	15,289,898	4,032,484	3,633,196	897,885
" 6	2,945,573	743,954	14,374,169	3,858,820	2,616,315	673,684
" 7	3,197,630	813,152	15,508,118	4,118,346	1,068,641	281,397
" 8	3,148,935	792,921	17,709,256	4,577,558	1,861,024	470,398
" 9	3,076,380	767,752	19,281,193	4,997,480	1,886 490	503,820
" 10	361,096	88,806	2,258,157	593,378	885,710	219,998
" 11	1,214,128	298,403	7,193,655	1,926,269	997,251	257,854
" 12	2,940,679	686,780	23,048,746	6,024,111	1,957,065	521,375
" 13	1,844,134	450,287	19,854,694	5,260,348	563,665	158,268
1948						
" 1	2,420,538	604,304	19,803,815	5,796,488	1,235,978	344,147
" 2	2,232,038	547,012	17,609,457	5,200,834	760,123	224,517
Total	31,212,980	7,715,578	199,383,909	53,560,197	20,194,014	5,218,268

Pork volume includes lard. Other meats volume includes fancy meats. Canned goods volume in units. Value of all by-products included in dollar sales of beef, veal, lamb and pork.

BURNS & CO. LIMITED

SCHEDULE 3(a)—SALES OF MEAT IN POUNDS AND DOLLARS. SCHEDULE 3(b)—TOTAL SALES—POUNDS AND DOLLARS (EDIBLE)

Year ended	Beef (a)		Veal (a)		Lamb (a)		Pork (a)	
		$		$		$		$
Dec. 31, 1936	41,811,560	2,415,495	7,382,789	497,273	3,488,401	425,683	70,707,397	10,676,738
Dec. 30, 1937	42,109,326	2,923,283	7,812,556	585,776	3,612,102	455,249	41,341,432	10,284,290
Dec. 31, 1938	38,267,473	2,959,478	6,518,951	605,756	3,543,014	481,558	47,780,220	8,337,037
Dec. 28, 1939	36,087,511	3,373,609	5,937,040	611,392	3,655,153	528,273	58,551,776	9,077,029
Dec. 26, 1940	38,982,367	4,158,151	5,384,787	642,158	3,982,983	630,339	92,628,380	14,127,598
Dec. 31, 1941	38,805,663	4,974,628	5,347,535	768,526	4,018,831	722,336	133,497,102	22,382,480
Dec. 30, 1942	44,412,788	7,004,823	5,824,618	985,896	3,838,132	774,995	153,053,129	30,348,429
Dec. 29, 1943	61,805,222	11,934,970	4,462,408	863,668	3,832,824	812,961	205,404,484	44,177,678
Dec. 27, 1944	80,905,223	16,139,212	6,010,387	1,160,653	5,491,906	1,216,848	274,528,849	60,881,937
Dec. 26, 1945	117,251,196	23,731,719	8,195,608	1,603,183	6,099,303	1,420,173	170,476,151	39,263,315
Jan. 1, 1947	109,204,340	22,943,343	7,899,706	1,579,213	6,433,290	1,540,144	105,104,770	26,323,877
Dec. 31, 1947	69,184,045	15,818,979	5,430,938	1,147,980	3,929,645	946,500	86,982,882	25,745,644

Year ended	Other meats (a)		Total meats (a)		Canned goods (a)		Total sales (b)	
		$		$		$		$
Dec. 31, 1936	11,053,975	1,127,270	134,444,122	15,142,459	1,049,263	255,738	167,736,735	20,759,559
Dec. 30, 1937	12,151,504	1,238,061	137,026,920	15,486,659	1,425,115	326,037	172,367,234	23,729,087
Dec. 31, 1938	11,303,876	1,302,563	107,413,534	13,686,392	1,374,745	314,742	142,187,728	20,846,019
Dec. 28, 1939	11,827,660	1,330,347	116,059,140	14,920,650	2,215,551	469,746	151,167,587	21,986,869
Dec. 26, 1940	12,946,339	1,373,719	153,924,856	20,931,965	2,168,687	469,249	190,300,665	28,195,053
Dec. 31, 1941	15,292,065	1,900,696	196,961,196	30,748,666	4,043,213	916,304	242,002,735	41,079,486
Dec. 30, 1942	19,951,706	2,962,164	227,080,373	42,076,307	4,605,107	1,090,229	278,740,998	56,298,515
Dec. 29, 1943	36,072,059	6,373,243	311,576,997	64,162,520	3,085,225	706,864	364,838,428	80,224,055
Dec. 27, 1944	37,090,400	6,315,701	404,026,765	85,714,351	12,407,381	3,041,078	480,365,484	104,032,921
Dec. 26, 1945	39,825,634	6,946,512	341,847,892	72,964,902	22,781,519	4,801,284	429,276,998	92,384,889
Jan. 1, 1947	40,929,751	8,165,577	269,571,857	60,552,154	31,159,434	6,159,680	361,190,567	79,579,433
Dec. 31, 1947	32,057,148	7,827,757	197,584,658	51,486,860	21,541,931	5,249,135	272,407,512	76,074,952

Pork volume includes lard. Other meats volume includes fancy meats. Canned goods volume in units.
Value of all by-products included in dollar sales of beef, veal, lamb and pork.

BURNS & CO. LIMITED

SCHEDULE 3(C)—PROFITS FROM OPERATIONS OF MEAT DEPARTMENTS BEFORE DEDUCTING BOND INTEREST, INVENTORY RESERVES AND TAXES ON INCOME.

Year ended	Beef	Veal	Lamb	Pork	Other meats	Total meats	Canned goods
	$	$	$	$	$	$	$
December 31, 1936	82,117	*11,851	14,183	308,736	*67,233	325,952	44,508
December 30, 1937	1,748	*33,994	3,717	278,325	*106,732	143,064	53,129
December 31, 1938	*126,809	*63,207	*21,516	70,547	*74,893	*215,878	30,073
December 28, 1939	*71,753	*23,597	*10,006	122,255	*27,955	*11,056	28,829
December 26, 1940	*224,981	*14,219	*14,301	413,236	*47,396	112,339	58,979
December 31, 1941	*147,322	*1,454	*7,420	711,369	*20,495	534,678	48,118
December 30, 1942	*223,666	*61,281	*17,540	934,547	*98,407	533,653	115,019
December 29, 1943	*363,554	*28,239	*23,167	1,077,005	*219,338	442,707	71,634
December 27, 1944	*88,083	35,574	14,572	1,380,885	*271,827	1,071,121	92,233
December 26, 1945	*570,801	52,298	42,368	1,110,677	*165,013	469,529	84,419
January 1, 1947	*279,783	*61,939	24,112	87,728	*29,952	*259,834	553,341
December 31, 1947	*375,805	*20,138	*32,362	522,956	391,329	485,980	187,437

SCHEDULE 3(D)—PROFITS FROM OPERATIONS OF ALL DEPARTMENTS BEFORE DEDUCTING BOND INTEREST, INVENTORY RESERVES AND TAXES ON INCOME.

Year ended	$
December 31, 1936	566,570
December 30, 1937	334,250
December 31, 1938	*238,772
December 28, 1939	167,289
December 26, 1940	208,372
December 31, 1941	487,794
December 30, 1942	778,319
December 29, 1943	797,086
December 27, 1944	1,131,655
December 26, 1945	795,929
January 1, 1947	610,450
December 31, 1947	1,168,092

SCHEDULE 3(E)—NET PROFITS AFTER TAXES ON INCOME AND INVENTORY RESERVES.

Year ended	$
December 31, 1936	195,385
December 30, 1937	27,843
December 31, 1938	*369,355
December 28, 1939	*139,541
December 26, 1940	*76,372
December 31, 1941	138,781
December 30, 1942	352,351
December 29, 1943	383,548
December 27, 1944	372,009
December 26, 1945	352,169
January 1, 1947	513,990
December 31, 1947	590,420

* Loss.

BURNS & CO. LIMITED

(Year ended January 1, 1947)

SCHEDULE 4 (a)—SALES OF MEAT IN POUNDS. SCHEDULE 4 (b)—SALES OF MEAT IN DOLLARS.

—	Beef		Veal		Lamb		Pork	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
		$		$		$		$
Period 1	14,212,865	2,948,869	595,696	123,504	679,114	152,094	12,569,479	2,853,423
" 2	11,000,561	2,289,304	362,209	62,149	613,708	141,735	9,700,133	2,228,838
" 3	8,576,656	1,790,180	373,208	75,134	459,028	105,022	9,785,365	2,220,052
" 4	7,771,292	1,618,042	403,816	82,332	379,849	91,331	6,902,743	1,704,608
" 5	3,898,691	807,331	435,268	89,332	265,026	59,583	8,285,799	2,120,202
" 6	3,934,407	881,785	402,701	83,090	130,263	29,821	7,949,101	2,069,779
" 7	6,029,473	1,389,656	585,413	118,475	298,226	73,872	7,960,027	2,155,151
" 8	5,837,954	1,245,289	759,327	153,565	382,126	102,342	7,821,321	1,989,783
" 9	7,332,233	1,505,668	796,831	157,745	556,554	153,686	7,268,767	1,885,253
" 10	10,046,305	2,104,252	779,740	157,163	872,894	220,941	5,694,393	1,528,523
" 11	9,420,650	1,972,969	832,291	162,907	593,881	138,992	4,316,778	1,152,744
" 12	11,238,514	2,317,445	1,062,068	204,094	708,951	160,601	7,880,530	2,081,268
" 13	9,904,739	2,072,553	511,138	99,713	493,670	110,124	8,970,334	2,334,253
Total	109,204,340	22,943,343	7,899,706	1,579,213	6,433,290	1,540,144	105,104,770	26,323,877

—	Other meats		Total meats		Canned goods	
	(a)	(b)	(a)	(b)	(a)	(b)
		$		$		$
Period 1	3,123,834	529,915	31,180,988	6,607,805	5,111,375	981,913
" 2	2,953,700	509,356	24,630,311	5,241,392	1,058,759	212,055
" 3	2,852,261	506,853	22,046,518	4,697,241	1,566,708	298,180
" 4	2,906,271	533,885	18,363,971	4,030,198	2,402,069	474,158
" 5	2,661,518	552,310	15,546,302	3,628,758	1,987,813	417,001
" 6	2,824,716	599,078	15,241,188	3,663,553	1,849,446	347,101
" 7	3,099,821	663,626	17,972,960	4,400,780	2,499,152	495,879
" 8	3,482,114	745,323	18,282,842	4,236,302	2,183,673	421,018
" 9	3,550,637	757,872	19,505,022	4,460,224	2,549,045	482,924
" 10	3,216,729	683,227	20,610,061	4,694,106	2,845,837	560,827
" 11	3,414,342	706,976	18,577,942	4,134,588	2,856,158	577,493
" 12	3,643,483	738,145	24,533,546	5,501,543	3,321,698	673,051
" 13	3,200,425	639,021	23,080,206	5,255,664	927,701	218,080
Total	40,929,751	8,165,577	269,571,857	60,552,154	31,159,434	6,159,680

Pork volume includes lard. Other meats volume includes fancy meats. Canned goods volume in units. Value of all by-products included in dollar sales of beef, veal, lamb and pork.

BURNS & CO. LIMITED

(Year ended December 31, 1947)

SCHEDULE 4(a)—SALES OF MEAT IN POUNDS. SCHEDULE 4(b)—SALES OF MEAT IN DOLLARS

—	Beef (a)	Beef (b)	Veal (a)	Veal (b)	Lamb (a)	Lamb (b)	Pork (a)	Pork (b)
		$		$		$		$
Period 1	8,575,575	1,870,581	276,325	58,191	310,337	68,978	7,855,166	2,325,999
" 2	5,654,573	1,242,878	195,156	39,826	636,543	133,246	6,613,602	1,920,791
" 3	4,970,050	1,140,390	208,026	42,659	338,543	81,699	6,636,885	1,906,964
" 4	4,435,278	1,066,340	189,989	40,020	234,962	52,029	5,659,984	1,665,253
" 5	4,626,935	1,121,926	342,664	73,011	85,251	19,782	7,182,233	2,074,285
" 6	4,474,782	1,126,709	404,492	87,527	84,847	19,127	6,464,475	1,881,503
" 7	4,945,963	1,211,007	555,529	119,138	152,851	37,869	6,656,145	1,937,180
" 8	6,093,800	1,386,674	682,825	136,843	315,313	82,858	7,468,383	2,178,262
" 9	7,316,508	1,652,375	751,862	148,353	566,128	153,289	7,570,315	2,275,741
" 10	735,542	161,548	75,996	15,000	55,792	14,678	1,029,731	313,346
" 11	2,727,026	632,550	327,060	72,253	252,659	66,086	2,672,782	856,977
" 12	7,277,591	1,592,246	935,579	202,955	567,082	138,873	11,327,815	3,403,257
" 13	7,350,422	1,613,755	485,435	112,204	329,337	77,986	9,845,366	3,006,116
Total	69,184,045	15,818,979	5,430,938	1,147,980	3,929,645	946,590	86,982,882	25,745,674

—	Other meats (a)	Other meats (b)	Total meats (a)	Total meats (b)	Canned goods (a)	Canned goods (b)
		$		$		$
Period 1	2,778,107	620,096	19,795,510	4,943,845	2,200,708	335,230
" 2	2,718,637	643,399	15,818,511	3,980,140	1,143,310	264,591
" 3	2,422,251	591,076	14,575,755	3,762,788	1,272,071	301,023
" 4	2,356,783	587,651	12,876,996	3,411,293	1,456,485	363,902
" 5	3,052,815	743,480	15,289,898	4,032,484	3,633,196	897,885
" 6	2,945,573	743,954	14,374,169	3,858,820	2,616,315	673,684
" 7	3,197,630	813,152	15,508,118	4,118,346	1,068,641	281,397
" 8	3,148,935	792,921	17,709,256	4,577,558	1,861,024	470,398
" 9	3,076,380	767,752	19,281,193	4,997,480	1,886,490	503,829
" 10	361,096	88,806	2,258,157	593,378	885,710	219,998
" 11	1,214,128	298,403	7,193,655	1,926,269	997,251	257,854
" 12	2,940,679	686,780	23,048,746	6,024,111	1,957,065	521,375
" 13	1,844,134	450,287	19,854,694	5,260,348	563,665	158,268
Total	32,057,148	7,827,757	197,584,658	51,486,860	21,541,931	5,249,135

Pork volume includes lard. Other meats volume includes fancy meats. Canned goods volume in units.
Value of all by-products included in dollar sales of beef, veal, lamb and pork.

BURNS & CO. LIMITED

(Periods No. 1 and No. 2, 1948)

SCHEDULE 4(a)—SALES OF MEAT IN POUNDS. SCHEDULE 4(b)—SALES OF MEAT IN DOLLARS

—	Beef		Veal		Lamb		Pork	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
		$		$		$		$
Period 1	7,178,153	1,800,591	480,390	125,049	354,786	98,225	9,369,948	3,168,319
Period 2	6,357,949	1,561,750	440,093	120,710	377,719	101,548	8,201,658	2,869,814

—	Other meats		Total meats		Canned goods	
	(a)	(b)	(a)	(b)	(a)	(b)
		$		$		$
Period 1	2,420,538	604,304	19,803,815	5,796,488	1,235,978	344,147
Period 2	2,232,038	547,012	17,609,457	5,200,834	760,123	224,417

Pork volume includes lard. Other meats volume includes fancy meats. Canned goods volume in units.
Value of all by-products included in dollar sales of beef, veal, lamb and pork.

BURNS & COMPANY LIMITED

DIGEST OF INFORMATION ON SCHEDULE 4

Total meat	1946	1947	1948 (8 weeks)
Sales—lbs.	269,571,857	197,584,658	37,413,272
Sales—Dollars	$ 60,552,154	51,486,860	10,997,332
Gross profit	$ 4,797,085	5,565,715	955,049
Net profit	$ *259,834	485,980	163,236
Per lb.			
Selling price	22·46¢	26·06¢	29·39¢
Gross profit	1·78¢	2·82¢	2·55¢
Net profit	*0·10¢	0·25¢	0·44¢
Beef			
Sales—lbs.	109,204,340	69,184,045	13,536,102
Sales—Dollars	$ 22,943,343	15,818,979	3,362,341
Gross profit	$ 1,169,439	948,992	241,305
Net profit	$ *279,783	*375,805	29,544
Per lb.			
Selling price	21·01¢	22·86¢	24·84¢
Gross profit	1·07¢	1·37¢	1·78¢
Net profit	*0·25¢	*0·54¢	0·22¢
Pork			
Sales—lbs.	105,104,770	86,982,882	17,571,606
Sales—Dollars	$ 26,323,877	25,745,644	6,038,133
Gross profit	$ 2,052,196	2,694,419	443,772
Net profit	$ 87,728	522,956	70,922
Per lb.			
Selling price	25·05¢	29·60¢	34·36¢
Gross profit	1·95¢	3·1¢	2·53¢
Net profit	0·08¢	0·6¢	0·40¢

*Loss.

BURNS & CO. LIMITED

SCHEDULE 4(C) 1946

(Year ended January 1, 1947)

PROFITS FROM OPERATIONS OF MEAT DEPARTMENTS BEFORE DEDUCTING BOND INTEREST, INVENTORY RESERVE AND TAXES ON INCOME

Period ended	1 Jan. 23	2 Feb. 20	3 Mar. 20	4 Apr. 17	5 May 15	6 June 12	7 July 10	8 Aug. 7	9 Sept. 4	10 Oct. 2	11 Oct. 30	12 Nov. 27	13 Jan. 1	Total 1946
	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Beef—														
Gross	115,222	95,307	61,532	44,736	53,208	63,491	60,803	69,534	97,625	57,222	103,352	154,692	192,715	1,169,439
Expense	117,468	119,182	109,795	108,746	75,403	83,918	104,189	101,719	120,305	130,519	127,923	127,389	122,666	1,449,222
Net	*2,246	*23,875	*48,263	*64,010	*22,195	*20,427	*43,386	*32,185	*22,680	73*,297	*24,571	27,303	70,049	*279,783
Veal—														
Gross	12,497	5,556	5,916	5,534	9,961	6,158	5,235	3,542	7,116	3,350	6,094	9,440	23,002	103,401
Expense	8,284	7,431	8,922	9,693	13,176	13,515	14,993	16,183	15,390	14,920	15,340	14,179	13,314	165,340
Net	4,213	*1,875	*3,006	*4,159	*3,215	*7,357	*9,758	*12,641	*8,274	*11,570	*9,246	*4,739	9,688	*61,939
Mutton and lamb—														
Gross	20,811	12,678	15,229	18,319	9,767	3,421	4,694	5,445	14,171	22,374	9,514	12,180	6,496	155,099
Expense	8,854	11,096	8,858	8,698	7,693	5,942	9,444	10,390	15,750	12,316	11,877	10,514	9,828	130,987
Net	11,957	1,582	6,644	9,621	2,074	*2,521	*4,750	*4,945	*1,579	10,058	*2,363	1,666	*3,332	24,112
Pork—														
Gross	217,682	177,861	165,264	221,633	194,957	147,588	136,432	97,100	111,750	145,553	123,269	153,721	159,386	2,052,196
Expense	179,581	161,183	171,733	167,937	177,903	167,416	151,644	139,808	122,933	117,745	122,963	142,162	141,460	1,964,468
Net	38,101	16,678	*6,469	53,696	17,054	*19,828	*15,212	*42,708	*11,183	27,808	306	11,559	17,926	87,728
Other meats—														
Gross	59,489	61,741	65,090	80,912	107,667	111,458	114,350	121,835	114,986	105,530	127,455	128,103	118,334	1,316,950
Expense	79,526	89,820	91,759	99,610	106,116	109,972	111,090	123,364	119,051	108,967	110,820	102,314	94,493	1,346,902
Net	*20,037	*28,079	*26,669	*18,698	1,551	1,486	3,260	*1,529	*4,065	*3,437	16,635	25,789	23,841	29,952
Total meat products—														
Gross	425,701	353,143	313,031	371,134	375,560	332,116	321,514	297,456	345,648	334,029	369,684	458,136	499,933	4,797,085
Expense	393,713	388,712	390,794	394,684	380,291	380,763	391,360	391,464	393,429	384,467	388,923	396,558	381,761	5,056,919
Net	31,988	*35,569	*77,763	*23,550	*4,731	*48,647	*69,846	*94,008	*47,781	*50,438	*19,239	61,578	118,172	*259,834
Canned Goods—														
Gross	96,162	89,215	84,327	98,967	88,561	69,881	67,519	74,167	97,619	108,159	115,909	101,569	131,689	1,223,753
Expense	45,253	47,662	48,032	51,323	55,673	57,230	51,070	54,206	52,662	55,873	52,653	50,246	48,529	670,412
Net	50,909	41,553	36,295	47,644	32,888	12,651	16,449	19,961	44,957	52,286	63,256	51,323	83,169	553,341

* Loss.

BURNS & CO. LIMITED

SCHEDULE 4(C) 1947

(Year Ended December 31, 1947)

PROFITS FROM OPERATIONS OF MEAT DEPARTMENTS BEFORE DEDUCTING BOND INTEREST, INVENTORY RESERVE AND TAXES ON INCOME

Period ended	1 Jan. 29	2 Feb. 26	3 Mar. 26	4 Apr. 23	5 May 21	6 June 18	7 July 16	8 Aug. 13	9 Sept. 10	10 Oct. 8	11 Nov. 5	12 Dec. 3	13 Dec. 31	Total 1947
	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Beef—														
Gross	116,926	65,406	88,352	17,442	*6,672	*28,639	4,976	85,910	109,350	34,003	171,902	200,853	89,183	948,992
Expense	107,501	103,300	100,412	98,585	91,757	85,212	92,202	103,468	115,557	110,266	90,600	113,467	112,470	1,324,797
Net	9,425	*37,894	*12,060	*81,143	*98,429	*113,851	*87,226	*17,558	*6,207	*76,263	81,302	87,386	*23,287	*375,805
Veal—														
Gross	6,257	3,541	3,169	2,064	4,976	2,300	2,073	7,666	5,753	2,493	27,658	42,203	24,376	134,529
Expense	6,416	5,951	7,663	8,213	11,283	13,459	15,087	15,582	14,767	14,864	12,554	14,966	13,862	154,667
Net	*159	*2,410	*4,494	*6,149	*6,307	*11,159	*13,014	*7,916	*9,014	*12,371	15,104	27,237	10,514	*20,138
Mutton and lamb—														
Gross	7,157	10,696	3,264	569	7,977	4,420	2,904	5,152	20,541	347	6,840	19,129	7,330	96,326
Expense	9,153	11,327	10,230	10,275	4,196	4,101	6,121	10,513	14,411	13,843	10,655	12,363	11,500	128,668
Net	*1,996	*631	*6,966	*9,706	3,781	319	*3,217	*5,361	6,130	*13,496	*3,815	6,766	*4,170	*32,342
Pork—														
Gross	261,056	219,341	194,321	181,793	222,346	230,207	219,710	203,066	194,111	14,705	120,844	363,857	269,062	2,694,419
Expense	182,299	166,799	164,330	166,775	162,285	161,032	163,653	152,562	147,664	142,134	184,296	183,644	193,990	2,171,463
Net	78,757	52,542	29,991	15,018	60,061	69,175	57,057	50,504	46,447	*127,429	*63,452	180,213	75,072	522,956
Other meats—														
Gross	140,524	146,480	140,069	135,436	162,048	171,721	164,226	179,037	163,244	18,513	62,634	128,462	89,055	1,691,449
Expense	95,714	100,531	100,956	102,608	108,951	121,012	113,673	117,477	101,605	87,073	79,488	88,002	83,030	1,300,120
Net	44,810	45,949	39,113	32,828	53,097	50,709	50,553	51,560	61,639	*68,560	*16,854	40,460	6,025	391,329
Total meat products—														
Gross	531,920	445,464	429,175	337,304	390,675	380,009	393,889	470,831	492,999	70,061	389,878	754,504	479,006	5,565,715
Expense	401,083	387,908	383,591	386,456	378,472	384,816	390,736	399,602	394,004	368,180	377,593	412,442	414,852	5,079,735
Net	130,837	57,556	45,584	*49,152	12,203	*4,807	3,153	71,229	98,995	*298,119	12,285	342,062	64,154	485,980
Canned goods—														
Gross	71,564	68,333	72,733	88,640	157,550	106,184	58,471	77,284	85,122	33,277	52,393	92,700	39,172	1,003,423
Expense	47,238	57,158	61,956	72,266	93,225	77,013	57,512	69,468	58,207	52,800	54,364	72,886	41,893	815,986
Net	24,326	11,175	10,777	16,374	64,325	29,171	959	7,816	26,915	*19,523	*1,971	19,814	*2,721	187,437

* Loss

SCHEDULE 4(C) 1948

BURNS & CO. LIMITED

PROFITS FROM OPERATIONS OF MEAT DEPARTMENTS BEFORE DEDUCTING BOND INTEREST, INVENTORY RESERVE AND TAXES ON INCOME.

Period ended	1 Jan. 28	2 Feb. 25
	$	$
Beef—		
Gross	165,477	75,828
Expense	102,812	108,949
Net	62,665	* 33,121
Veal—		
Gross	21,686	21,623
Expense	9,364	9,830
Net	12,322	11,793
Mutton and lamb—		
Gross	16,900	10,479
Expense	7,328	8,021
Net	9,572	2,458
Pork—		
Gross	253,554	190,218
Expense	191,897	180,953
Net	61,657	9,265
Other meats—		
Gross	103,742	95,542
Expense	82,889	89,770
Net	20,853	5,772
Total meats products—		
Gross	561,359	393,690
Expense	394,290	397,523
Net	167,069	* 3,833
Canned goods—		
Gross	85,194	61,235
Expense	30,359	46,912
Net	24,835	14,323

* Loss.

SCHEDULE 5

BURNS & CO. LIMITED

TOTAL INVENTORIES OF BEEF, PORK AND LARD IN POUNDS

—	Oct. 23rd 1946	Oct. 22nd 1947	Dec. 31st 1946	Dec. 31st 1947	Jan. 29th 1947	Jan. 28th 1948	Feb. 26th 1947	Feb. 25th 1948
Frozen beef	2,099,413	1,070,009	5,570,392	5,052,028	2,961,625	4,178,485	2,576,903	3,986,815
Other beef	1,711,698	57,519	881,562	1,330,736	714,220	1,593,676	867,509	1,373,326
Total beef	3,817,111	1,127,528	6,451,954	6,382,764	3,675,845	5,772,161	3,444,412	5,360,141
Frozen pork	471,414	1,563,567	3,886,240	4,679,448	4,599,224	6,201,926	4,099,031	8,410,877
Other pork	2,806,388	2,198,798	2,556,764	3,996,676	3,370,743	4,205,476	3,319,704	2,861,053
Total pork	3,277,802	3,762,365	6,442,914	8,676,124	7,969,967	10,407,402	7,418,735	11,271,930
Pure lard	101,804	98,020	309,148	529,411	224,139	403,031	103,666	299,853

SCHEDULE 6

BURNS & CO. LIMITED

WEEKLY AVERAGE PRICES PAID "A" GRADE HOGS—GOOD BUTCHER STEERS

Week ending	Calgary	Edmonton	"A" Grade hogs Calgary	"A" Grade hogs Edmonton	Good steers Calgary	Good steers Edmonton
1939						
Sept. 9	8·45	8·35	11·04	10·91		
Sept. 16	7·85	8·65	10·24	11·30		
Sept. 23	8·20	8·25	10·71	10·78	6·28	
Sept. 30	8·20	8·50	10·71	11·11		
	Above hogs purchased live weight. Select price shown converted to rail grade prices for "A" hogs at 76½% yield.				Weekly figures for Calgary not available. Value shown is month's average cost. No figures available for Edmonton.	
1947						
Aug. 9			21·03	20·45	14·05	13·65
Aug. 23			21·48	20·55	13·94	13·45
Aug. 23			21·35	20·79	14·03	13·50
Aug. 30			21·72	20·85	14·26	13·55
Sept. 6			22·29	21·54	14·12	12·60
Sept. 10 to Oct. 24—Plants closed on account of strike						
Nov. 1			21·89	21·50	.....	12·60
Nov. 8			21·84	21·50	14·04	12·65
Nov. 15			21·76	21·80	13·78	13·15
Nov. 22			21·79	21·79	14·16	12·95
Nov. 29			21·70	21·70	14·28	13·25
Dec. 6			21·84	21·70	14·50	13·40
Dec. 13			21·77	21·70	14·22	14·00
Dec. 20			21·84	21·70	15·15	14·25
Dec. 27			21·96	21·77		14·00
1948						
Jan. 3			22·06	24·28	15·91	15·55
Jan. 10			27·33	27·11		15·85
Jan. 17			27·71	27·21	15·93	15·70
Jan. 24			27·46	27·21	15·70	15·60
Jan. 31			27·30	27·24	15·82	15·40
Feb. 7			27·36	27·21	15·68	15·50
Feb. 14			27·42	27·25	15·57	15·35
Feb. 21			27·48	27·21	14·71	15·00
Feb. 28			27·49	27·29	15·12	15·30
Mar. 6			27·53	27·25	14·90	15·25
Mar. 13			27·50	27·27	15·30	15·45

SCHEDULE 7

BURNS & CO. LIMITED

DRESSED WEIGHT OF ACTUAL PURCHASES BY BURNS & CO. LIMITED OF BEEF CATTLE AND HOGS

Period		Beef cattle in pounds	Hogs in pounds
9	from Aug. 14 to Sept. 10, 1947	8,570,577	5,765,912
10	Sept. 11 to Oct. 8, 1947	360,086	173,266
11	Oct. 9 to Nov. 5, 1947	4,599,630	7,513,644
12	Nov. 6 to Dec. 3, 1947	12,822,677	15,002,166
13	Dec. 4 to Dec. 31, 1947	8,966,310	12,710,103
1	Jan. 1 to Jan. 28, 1948	7,515,742	13,585,425
2	Jan. 29 to Feb. 25, 1948	7,170,817	9,924,619
3	Feb. 26 to Mar. 24, 1948	6,147,940	9,536,835
10	Sept. 8 to Oct. 5, 1939	4,050,821	5,592,385

SCHEDULE 8

BURNS & CO. LIMITED

TOTAL SALES IN POUNDS SHOWING SALES TO MEAT BOARD FOR UNITED KINGDOM OTHER EXPORT SALES AND DOMESTIC SALES

—	Period 9 Aug. 14 to Sept. 10/47	Period 10 Sept. 11 to Oct. 8/47	Period 11 Oct. 9 to Nov. 5/47	Period 12 Nov. 6 to Dec. 3/47	Period 13 Dec. 4 to Dec. 31/47	Period 1 Jan. 1 to Jan. 28/48	Period 2 Jan. 29 to Feb. 25/48	Period 3 Feb. 26 to Mar. 24/48
Beef sales to meat board for United Kingdom.....	399,471	97,240	164,281	1,621,464	2,047,032	1,106,235	924,106	686,380
Other export sales.........	....	....	....	....	70,252	29,600	32,900	70,251
Domestic sales...........	6,917,037	638,302	2,562,745	5,656,127	5,233,138	6,042,318	5,400,943	5,824,994
Total sales...........	7,316,508	735,542	2,727,026	7,277,591	7,350,422	7,178,153	6,357,949	6,581,625
Pork sales to meat board for United Kingdom.....	2,384,143	368,461	418,253	5,974,673	4,831,245	5,206,067	4,523,575	2,508,470
Other export sales.........	54,400	20,400	1,290	122,806	117,160	23,091	77,385	44,800
Domestic sales...........	5,131,772	640,870	2,253,239	5,230,336	4,896,961	4,140,790	3,600,698	3,966,446
Total sales...........	7,570,315	1,029,731	2,672,782	11,327,815	9,845,366	9,369,948	8,201,658	6,519,716

SCHEDULE 9A

Sheet 1

BURNS & CO. LIMITED

126 Steers—Liveweight........	160,960 lbs.	16.00	$25,763.60
Dressed weight........	90,521		
Yield—56·24%			
Average dressed cost, per cwt........			28.46
Graded cost, 99 red—cost per cwt........		28.60	
27 blue " " "		27.60	
Cost of red grade beef........			28.60
Less credits: per cwt:			
Fancy meat........	$ 351.15		
Casings........	13.58		
Hides........	1,174.87		
Bone........	40.47		
Edible fats........	831.23		
Inedible fats........	93.50		2.77
	2,504.80		25.83
Add—Labor........		0.52	
Supplies........		0.12	
Overhead........		0.40	
Sales expense........		0.77	1.81
			27.64
Net cost, red grade beef........	27.64		
(based on market as it was on April 1, 1948)			

SCHEDULE 9A

BURNS & CO. LIMITED

Sheet 2.

OFFAL CREDITS

55 Livers (71 pc. condemned)	664 lbs.	0·13¼	87·98
126 Hearts	539	0·08¾	47.16
126 Kidneys	275	0·09¼	25·44
126 Tails	189	0·03¼	6·14
124 Tongues (2 pc. condemned)	507	0·13¼	67·18
Tongue Trimmings	90	0·08¼	7.43
Tongue Fat	296	0·02¼	6·66
Sweetbreads	27	0·13¼	3.58
Cheek Meat	552	0·09¼	51·06
Pancreas Glands	76	0·18¼	13.87
Pituitary Glands	¾	4·43	3.32
Suprarenal Glands	5¾	0·73¼	4.21
Thyroid Glands	13½	0·19¼	2.60
Brains	99	0·01¼	1.24
Spinal Cords	48	—	—
Skirt Meat	75	0·04¼	3.19
Trimmed Lips	122	0·00¾	0.92
Washed Tripe	1,175	0·01½	17.62
Gall	31	0·05	1.55
			$351·15

SCHEDULE 9A

BURNS & CO: LIMITED

Sheet 3

CASING CREDITS

Beef Bungs—Extra Wide	pcs.	72	0·02¾ ea.	1·98
Wide	"	20	0·00¾ ea.	0·15
Shorts	"	26		
Condemned	"	8		
Beef Rounds—Wide	sets	67	....	....
Medium	"	50	....	....
Beef Middles—Extra Wide	"	6	0·60	3·60
Wide	"	17	0·40	6·80
Medium	"	3	0·35	1·05
				13·58

HIDE CREDITS

126 Branded Steer	lbs.	9,606	12·15 cwt	1,167·13
Trimmings		553		
Fat		116	5·00 cwt	5·80
Switches		97	0·02 ea.	1·94
				1,174·87

BONE CREDITS

Heads and Feet	lbs.	1,380	12·50 ton	8·62
Neatsfoot Oil		82	17·50 cwt	14·35
Dried Blood	est.)	1,000	35·00 ton	17·50
				40·47

SCHEDULE 9A

BURNS & CO. LIMITED

Sheet 4

EDIBLE FATS

Kidney and crotch fats	2,495 lbs.			
Caul and ruffle fats	4,509			
Skirt and pancreas fats	77			
Cheek fats	314			
	7,395			
Production—Edible tallow		5,518 lbs.	15·00 cwt.	827·70
Edible cracklings		257	27·50 ton	3·53
				831·23

INEDIBLE FATS

Bung fat	710 lbs.			
Gut fat	139			
Lungs	734			
Spleens	180			
Viscera	5,409			
	7,172			
Production—Inedible tallow		800 lbs.	10·75 cwt.	86·00
Inedible cracklings		750	20·00 ton	7·50
				93·50

Prices used there represent market values less sales and administrative expense, packaging and labor.

SCHEDULE 9B

Sheet 1A

BURNS & CO. LIMITED

EXPORT HOGS

Average cost of A1 hogs				27·46
Plus—Killing, cutting and buying expense			0·47	
Supplies			0·10	
Overhead			0·45	1·02
				28·48
Less—Hearts	50 lbs.	$10 00	0·05	
Liver	1.80	8 50	0·15	
Fats	2.00	9 00	0·18	
Casings		0·08 hog	0·05	
Inedible		0.05 hog	0·03	0·46
				28·02
Less—Tenderloins	0·76%	59.00	0·45	
Tails	0·25	7.00	0·02	
Jowls	1·85	17.00	0·31	
Trimmings	0·98	29.00	0·28	
Cutting Fat	0·26	10.00	0·03	
Bones	3·53	0.25	0·01	
Front Feet	1·15	6.00	0.07	
Hind Feet	1·20	2.50	0·03	
Heads	5·75	4.75	0·27	
Tongues	0·30	19.00	0·06	
Tongue Trimmings	0·30	13.00	0·04	
Skirts	0·40	20.00	0·08	
Skim	0·35	5.00	0·02	
Leaf Lard	3·00	14.25	0·43	
Kidneys	0·25	13.50	0·03	
Shrink	2·17			2·13
				25·89
Cost of Wiltshires	77·50			33·41
	100%			
Less—Gain in cure=5½%			1.84	31·57
Plus—Curing labor			0·36	
Supplies			0.55	
Overhead			0.80	
Freight and icing			1.55	
Interest			0·20	
Shrinkage to seaboard 1½%			0.44	3·90
Cost of wiltshires at seaboard				35·47

BURNS & CO. LIMITED

SCHEDULE 9B

Sheet 1

DOMESTIC PORK COSTS

Hog cost (hot weight)	......	27.25
Add—Overhead pork Dept	0·58	
L. S. Expenses	0·10	
Labor to kill, chill and cut	0·50	1.18
		28.43
Less—Killing credits	......	0.46
		27.97

Into	%	Cost	Value
Hams	20·00	35.15	7.03
Bellies	14·00	42.15	5.90
B'less Bax	9·10	51.15	4.65
Butts	8·90	35.90	3.20
Picnics	9·50	25.90	2.46
Tenderloins	0·75	59.00	0.44
Reg. Trimmings	3·50	29.00	1.02
Back Ribs	0·85	32.50	0·28
Belly Ribs	2·00	29.50	0.59
Jowls	1·85	17.00	0.31
Cutting Fat (65%)	7·00	10.00	0.70
Front feet	1·15	6.00	0.07
Hind Feet (To Tank)	1·20	2,50	0.03
Tails	0·25	7.00	0.02
Skirts	0·40	20.00	0.08
Skins	4·00	5.00	0.20
Heads (Tongues Out)	5·75	4.75	0.27
Tongues	0·30	19.00	0.06
Tongue Trimmings	0·30	13.00	0.04
Neck Bones	1·30	7.50	0.10
Riblets	0·45	11.50	0.05
Bones	2·25	0.25	0.01
Leaf Lard (92%)	3·00	14.25	0.43
Kidneys	0·25	13.50	0.03
Shrink	1·95	....	......
	100%		27.97

Killing credits:	%	Cost	Value
Heart	0·5	10.00	0.05
Liver	1·8	8.50	0.15
Fats	2·0	9.00	0.18
Casings	......	0.08 hog	0.05
Hair, Tankage, Grease		0.05 hog	0.03
			0.46

BURNS & CO. LIMITED

Schedule 9-B

Sheet 2

Product—Pork

Product	Cost or transfer price: Date 1	2	3	4	Gain or shrink	Proc. cost	Conv. cost	Labour	Supplies	Over-head	Safety margin	Branch house costs: Date 1	2	3	4
Hogs, headless, leaf and kidney out	27·25				87½% Cr. 1·29	29·67		1·25	0·25	0·58	0·50	31·25			
									0·25		0·50				
B/less bax, 12/dn	51·15								0·50		0·50	52·15			
Picnics, 15/dn	25·90								0·40		0·50	26·80			
Butts, 8/dn	35·90								0·40		0·50	36·80			
N.Y. Shl'ds, 25/dn	28·83	See	Sheet 3						0·40		0·50	29·73			
Loins, 16/dn	39·85	See	Sheet 3						0·50		0·50	40·85			
Bellies, 14/dn	42·15								0·40		0·50	43·05			
Hams, 20/dn	35·15								0·40		0·50	36·05			Sales expense
Reg. pork tg's	29·00								0·40		0·50	29·90			
Front feet	6·00								0·40		0·50	6·90			
Tenders	59·00								0·40		0·50	59·90			
Spareribs, back	32·50								0·40		0·50	33·40			
Spareribs, belly	25·50								0·40		0·50	30·40			
Riblets	11·50								0·40		0·50	12·40			
Neck bones	7·50								0·40		0·50	8·40			
Back bones	0·25								0·40		0·50	1·15			
Jowls	17·00								0·40		0·50	17·90			

SCHEDULE 9B

Sheet 3

BURNS & CO. LIMITED

LOINS—BONELESS BAX

	%	Price	Value
B'less Bax 12/dn	64·00	51.15	32.74
Tenders	5·50	59.00	3.25
Back Ribs	8·00	32.50	2.60
Fat (65%)	3·00	10.00	0.30
Reg. Trimmings	3·50	29.00	0.92
Bones	16·00	0.25	0.04
	100%		39.85

NEW YORK SHOULDERS—BUTTS AND PICNICS

Butts 8/dn	40·00	35.90	14.36
Picnics 10/dn	50·00	25.90	12.95
Reg. Trimmings	3·00	29.00	0.87
Fat (65%)	6·50	10.00	0.65
Shrink	0·50	......	......
	100%		28.83

Schedule 9-B

BURNS & CO. LIMITED

Product—S.P. Meats

Product	Cost or Transfer price				Gain or Shrink	Proc. cost	Conv. cost	Labor	Supplies		Over-head	Safety margin	Branch house costs			
	Date 1	2	3	4					Cur.	Ship			Date 1	2	3	4
Hams, 20/dn........	35·15	....	....	....	10%	31.95	....	0·35	0·40	0·40	0·50	0·50	34·10	......	......	......
Hams, B/less visking	35·15	....	....	....	10%	31·95 75%–1·03	41·23	0·35	0·40	......	0·50	0·50	......	......	......	......
Butts—Cottage rolls..	35·90	....	....	....	4½%	34·35 95%–·01	36·15	0·35	0·40	0·40	0·50	0·50	38·30	....	....	Sales expense
Bellies, 15/dn........	42·15	....	....	....	3%	40·92	....	0·40	0·40	0·40	0·50	0·50	43·12	......		
Picnics, 10/dn........	25·90	....	....	....	10%	23·55	....	0·40	0·40	0·40	0·50	0·50	25·75	....	....	....

Note: In arriving at transfer prices to other departments, deduct supplies and safety margin from branch house cost.

Schedule 9-B

Sheet 5

BURNS & CO. LIMITED

S.P. Hams into Boneless Visking Hams

	%	Cost	Value
Boneless Hams in Visking	75·00	41.23	30.92
Fat and Skin	14·50	7.00	1.01
Bones	10·50	0.25	0.02
	100·00		31.95

SCHEDULE 9-B

Sheet 6

BURNS & CO. LIMITED

PRODUCT—SMOKED MEATS

Product	Cost or transfer price				Gain or shrink	Proc. cost	Conv. cost	Labour	Supplies	Over-head	Safety margin	Branch house costs			
	Date 1	2	3	4								Date 1	2	3	4
Reg. hams		33·20			89%	37·30		1·10	0·90	0·50	0·50	40·30			
B/less visking hams		42·48			88%	48·18		2·50	1·75	0·50	0·50	53·43			
Cottage rolls		37·40			88%	42·50		2·25	1·00	0·50	0·50	46·75			
Bacon, 15/dn		42·22			87%	48·53		0·75	0·75	0·50	0·50	51·03			Sales expense
Bacon, sliced, Number 1						55·94		3·25	2·40	0·50	0·50	62·59			
Bacon, sliced, Number 2						51·94		3·52	2·45	0·50	0·50	58·64			
Bacon, sliced, Number 3						45·94		3·25	2·00	0·50	0·50	52·19			
Reg. picnics, 10/dn		24·85			89%	27·92		0·75	0·95	0·50	0·50	30·62			

SCHEDULE 9-B

Sheet 7

BURNS & CO. LIMITED

SLICED BACON TEST

Cost of smoked bacon, 14/down, into sliced bacon		48.53	
ADD—Labor in smoking		0.50	
		49.03	
	%	Cost	Value
No. 1 Sliced, rindless	70·00	55.94	39.16
No. 2 Sliced, rindless	10·00	51.94	5.19
No. 3 Sliced, rindless	8·00	45.94	3.68
Ends	3·50	20.00	0.70
Rinds	6·00	5.00	0.30
Shrink	2·50	......	......
	100·00		49.03

SCHEDULE 9-B

Sheet 8

BURNS & CO. LIMITED

BRANCH HOUSE COSTS TO SALES DEPARTMENT

Product	Plant cost	Sales expense	Sales department cost
Fresh pork products—			
Hogs headless leaf and kidney out 100/125	0.31¼	0.01¼	0.32½
Picnics hock on 10/dn	0.26¾	0.01¼	0.28
Loins, 16/dn	0.40¾	0.01¼	0.42
Shoulders N.Y. 20/dn	0.29¾	0.01¼	0.31
Butts 8/dn	0.36¾	0.01¼	0.38
Hams 12/18	0.36	0.01¼	0.37¼
18/20	0.36	0.01¼	0.37¼
Bellies 6/8	0.43	0.01¼	0·44¼
8/12	0.43	0.01¼	0.44¼
12/14	0.43	0.01¼	0.44¼
Feet	0.07	0.01¼	0.08¼
Neck bones	0.08½	0.01¼	0.09¾
Riblets	0.12½	0.01¼	0.13¾
Spare ribs—Belly	0.30½	0.01¼	0.31¾
Back	0.33½	0.01¼	0.34¾
Tenderloins lite	0.60	0.01¼	0.61¼
Trimmings lean—regular	0.30	0.01¼	0.31¼
Jowls—Skins on	0.18	0.01¼	0.19¼
Back bones	0.01¼	0.01¼	0.02½
Smoked meats—			
Ham—Shamrock rend. 20/dn	0.40¼	0.02¼	0.42½
Shamrock boneless Visking ham	0.53½	0.02¼	0.55¾
Bacon—Shamrock sliced rindless ½'s	0.62½	0.02¼	0.64¾
Dominion 8/12	0.51	0.02¼	0.53¼
12/14	0.51	0.02¼	0.53¼
Dominion sliced rindless ½'s	0.58¾	0.02¼	0.61
Security sliced rindless ½'s	0.52¼	0.02¼	0.54½
Butts—Shamrock cottage roll	0.46¾	0.02¼	0.49
Picnics—Shank on 10/dn	0.30½	0.02¼	0.32¾

Mr. DYDE: Mr. Chairman, you will notice under the cover of the material, that these gentlemen have indexed the book, and we have therefore to turn to schedule 1. I may say that the schedules in this material are in answer to the identical questions which were asked of the other packing house witnesses with the exception that when it came to prices I asked Mr. Munn to pay attention to either Calgary or Edmonton or both whereas in the case of Canada Packers we were paying attention to Toronto prices, and in the case of Swift to Winnipeg prices.

Schedule 1 is, as usual, the general information with regard to the company. Subsection D contains the names and addresses of all officers of the company. That is correct, Mr. Munn, is it not?

Mr. MUNN: That is correct.

Mr. DYDE: Subsection E contains the names of all directors of the company. That is correct, is it not?

Mr. MUNN: That is correct.

Mr. DYDE: You show in subsection G the subsidiary company, Burns and Company, Eastern, Limited. That is the only subsidiary company engaged in the meat industry?

Mr. MUNN: That is correct.

Mr. DYDE: Then in subsection H you have set out the location of all plants of Burns and Company Limited together with the location of sales offices. Would you tell the committee briefly the organization into plants and sales offices?

Mr. MUNN: Well, plants, I think that is quite clear. There are seven packing plants engaged in the processing of meat. That is slaughtering and processing. The sales offices or branch houses at the points named are merely sales organizations. They do no processing whatsoever, and simply dispose of the product that is shipped to them very largely from the plants.

Mr. DYDE: Have you any subsidiary companies that are engaged in the leather industry?

Mr. MUNN: No, sir, we have not.

Mr. DYDE: Then at the bottom of schedule 1 you have sent out the end of the fiscal year of the company?

Mr. MUNN: Yes, I think to be correct it is the nearest Wednesday to December 31st. It is always on a Wednesday.

Mr. DYDE: I now turn to the next page which is marked schedule 2(*a*) and 2(*b*) showing sales of meat in pounds and sales of meat in dollars for 13 periods from February 27, 1947, to February 25, 1948. Mr. Munn, I think it would help us a little if you would give opposite the periods 3, 4, 5 and 6 the approximate months so that we might have it there. It does correspond roughly with a month, does it not?

Mr. MUNN: No. They are each four week periods.

Mr. DYDE: Can you give us the expiry date of each four week period?

Mr. MUNN: Yes. Period 3, 1947, expires on March 26th; period 4 on April 23rd; period 5 on May 21st; period 6 on June 18th; period 7 on July 16th; period 8 on August 13th; period 9 on September 10th; period 10 on October 8th; period 11 on November 5th; period 12 on December 3rd; period 13 on December 31st; period 1 of 1948 on January 28th; period 2 of 1948 on February 25th.

Mr. DYDE: I have also to call attention to the footnote on this page, Mr. Chairman, and to indicate to you and to the members of the committee that a slightly different set of figures is before you, in that you see at the lower right hand side of this page that the value of all by-products is included

in dollar sales of beef, veal, lamb, and pork. When you received the request for this information I think you were a little puzzled as to how to supply the figures, Mr. Munn, and my recollection is that you asked me about it. As the result of a conversation with me you decided you could turn back, into the various accounts, the by-products relating to the beef and other items under the headings given here. Am I correct about that?

Mr. MUNN: Yes, Mr. Dyde, that is correct but I would not guarantee that it is correct to the last dollar. If there is anything lacking in the way of by-products in the meat account it is in the other accounts.

The ACTING CHAIRMAN: You took the total by-products and divided it as accurately as you could into the volume?

Mr. MUNN: According to test.

Mr. DYDE: Mr. Chairman, I wanted also to say that my thought was that if this procedure could be followed by any company it would be useful to the committee, provided that it was accurate; and it would be helpful to have the by-products back in their appropriate meat columns. I must take a certain amount of responsibility for having produced those figures in this way rather than producing them in the identical way they were produced by the other companies.

The ACTING CHAIRMAN: Would it not be a good thing if we had the different proportions that go into each kind of meat—the proportions of the total by-products? You said that you did it according to test, Mr. Munn, but it depends on the volume, does it?

Mr. MUNN: Yes. Actually what we did, Mr. Chairman, was that we put back all the hides into the beef account, the veal skins back into the veal account, lamb pelts back into the lamb account, and it was only with an item like inedible tallow where we had to use the test. The majority of the by-products would go back into the account from which they originally came.

Mr. DYDE: I am also going to call attention to the fact—and I am right about this am I not, Mr. Munn—that much of the material that shows on schedule 2 (*a*) and 2 (*b*) is included in the material which starts with schedule 4 (*a*) and (*b*)?

Mr. MUNN: I think all of it is, Mr. Dyde.

Mr. DYDE: Yes. I propose before we adjourn today to put in your hands a sort of analysis which I think is prepared with respect to schedule 4 (*a*), (*b*), and (*c*), rather than to put in the actual schedule which covers a number of pages. It may be useful for you to have that overnight. Now I come to schedule 3 (*a*) and (*b*). In the first place, Mr. Munn, I think you are able to give us so we can insert it on this page—those of us who wish to do so—the average prices worked out to cents per pound.

Mr. MUNN: Yes, Mr. Dyde. Starting with the average selling price in 1936 the figure in cents per pound was 5·78.

Mr. DYDE: I just want to make sure those who wish to insert these figures are at the right page. It is a page entitled "(schedule 3 (*a*) and (*b*), total sales, pounds and dollars". These figures about which we are now talking go opposite the different columns.

Mr. MUNN: The figures—cents per pound—are: 1936, 5·78; 1937, 6·94; 1938, 7·73; 1939, 9·35; 1940, 10·67; 1941, 12·82; 1942, 15·77; 1943, 19·31; 1944, 19·95; 1945, 20·23; 1946, 21·01; 1947, 22·86.

Mr. DYDE: Those are the average prices per pound for the particular year.

Mr. MUNN: The sale price per pound averaged for the year.

The ACTING CHAIRMAN: And it includes the by-products?

Mr. MUNN: Yes.

Mr. FLEMING: You say it includes the by-products. Are you able to segregate the by-products for beef, pork, lamb, and veal?

Mr. MUNN: That is correct. I think I ought to make it quite clear that the weight of the by-products is not included in beef, but the value of the by-products is there.

Mr. MERRITT: When we are inquiring into meat, and when have had evidence of the other two companies that the by-products return a profit where the beef often shows a loss, and when you include these hides—which I understand make shoes—when you put the hides into your beef account would those figures be materially changed?

Mr. MUNN: Yes.

Mr. MERRITT: Upwards or downwards?

Mr. MUNN: Downwards.

Mr. DYDE: Yes, now would you give us the figures for pork?

Mr. MUNN: The figures in cents per pound are: 1936, 15·10; 1937, 14·42; 1938, 17·45; 1939, 15·50; 1940, 15·25; 1941, 16·77; 1942, 19·83; 1943, 21·51; 1944, 22·17; 1945, 23·03; 1946, 25·04; 1947, 29·60.

Mr. DYDE: I would like to get as many of the additional items as it is possible to get before we adjourn, so I am hurrying a little now in order that we may receive what Mr. Munn has with him. Would you turn to the succeeding pages, Mr. Munn, and let us have the figures which you are able to give us for schedule 3 (*c*), and those of us who wish will be able to enter the figures on this document. It is schedule 3 (*c*) "profits from operation of meat departments."

Mr. FLEMING: May I ask the same question about the by-products, here? Are they all included?

Mr. MUNN: The profits from all the by-products are included here.

Mr. FLEMING: For each meat?

Mr. MUNN: For each division.

The ACTING CHAIRMAN: Do you call them profits or credits?

Mr. MUNN: I call them profits. I might put it this way; these credits come to this department which means a profit to that meat account. The first year, 1936, under beef, the profit is ·20.

Mr. DYDE: ·20 what?

Mr. MUNN: Cents per pound; 1937, ·004; 1938, a loss of ·33; 1939, a loss of ·20. They will all be losses from now on; 1940, ·58; 1941, ·38; 1942, ·50; 1943, ·59; 1944, ·11; 1945, ·49; January 1, 1947, ·26; December 31, 1947, ·54.

Mr. IRVINE: Are these still losses?

Mr. MUNN: Losses, yes.

Mr. DYDE: Now, could you give the same figures for pork?

Mr. MUNN: These will all be profits; ·44 in 1936.

Mr. DYDE: These are still in cents per pound?

Mr. MUNN: Cents per pound: 1937, ·39; 1938, ·15; 1939, ·21; 1940, ·45; 1941, ·53; 1942, ·61; 1943, ·52; 1944, ·50; 1945, ·65; 1946, ·08; 1947, ·60.

Mr. DYDE: With reference to that same page, are you able to give the relative figures under 3 (*d*)?

Mr. MUNN: Yes, sir.

Mr. IRVINE: May I ask if those figures in the last group were losses?

Mr. MUNN: The were all profits.

Mr. DYDE: Under pork, they were all profits.

Mr. FLEMING: Have you any consolidated figure for the thirteen year period?

The ACTING CHAIRMAN: Schedule 3 (*d*) contains that. We are coming to that now.

Mr. FLEMING: I am thinking of the cents per pound figure.

Mr. MUNN: I will work it out now, if you wish.

The ACTING CHAIRMAN: Do it over night.

Mr. DYDE: Let us get as many of these figures added tonight as we can.

Mr. MUNN: Under 3 (*d*), profits from operations of all departments; ·34 in 1936; ·20 in 1937; the next one is the only loss, ·17. The next figure is a profit again, ·11; 1940 is the same, ·11; 1941, ·20; 1942, ·28; 1943, ·22; 1944, ·24; 1945, ·19; 1946, ·17; 1947, ·43.

The ACTING CHAIRMAN: That is what you wanted, was it not, Mr. Fleming?

Mr. FLEMING: No, I wanted the consolidated results for the thirteen year period.

Mr. MUNN: I can give you the total for all the years there. It is ·206.

Mr. FLEMING: Just one question on that point; that means for the thirteen year period you have handled all meats with a gross profit of about one-fifth of a cent per pound?

Mr. MUNN: That is from all operations, Mr. Fleming.

Mr. FLEMING: Yes, your average from all operations, that is meat. Did you credit all revenue from by-products?

Mr. MUNN: It is more than the meat operations.

Mr. FLEMING: It includes your revenue from the sale of by-products, everything, and it works out to an average of one-fifth of a cent per pound gross profit.

Mr. THATCHER: I take it from that the last year was the most profitable year in the last eleven?

Mr. MUNN: Yes, I think that is correct, Mr. Thatcher. I make it twelve.

The ACTING CHAIRMAN: Mr. Dyde has drawn my attention to the fact he wishes to have as many figures put in tonight before we adjourn as possible. We can ask questions tomorrow. It is just a suggestion and I am in the hands of the committee.

Mr. DYDE: You have also relative figures for 3 (*e*) on the same page?

Mr. MUNN: Yes, for 1936, ·11; 1937, ·01; 1938 is a loss, ·26. There is another loss the next year, ·09; 1940, also a loss, ·04; 1941 is a profit, ·04; 1942 is a profit, ·11; 1943, a profit of ·10; 1944, a profit of ·08; 1945, the same, ·08; 1946, ·14 and 1947, ·21.

Mr. FLEMING: And the total?

Mr. MUNN: ·07.

Mr. DYDE: Now, with regard to schedule 4, (*a*) and (*b*) and schedule 4 (*c*) which covers some four or five pages, Mr. Chairman, the committee's accountant made an analysis of those pages which Mr. Munn and his officers have had an opportunity of checking, I think.

Mr. MUNN: That is correct.

Mr. DYDE: It seems to me that this also would be helpful to the members of the committee who might find it more convenient to glance at these various pages in this way. Mr. Munn finds them correct, so I should like to submit that as an exhibit.

The ACTING CHAIRMAN: Would you not rather print it in the evidence at this point?

Mr. DYDE: I would rather do so if that is satisfactory. I do not want it to be confused with Mr. Munn's actual evidence. However, he does agree, and we might perhaps have it put in in that way.

The ACTING CHAIRMAN: Agreed?

Carried.

Mr. DYDE: Where would we most conveniently put it, Mr. Munn, ahead of any pages in schedule 4?

Mr. MUNN: I would think, Mr. Dyde, just prior to profits; that is the most important part, is it not?

Mr. DYDE: Just ahead of 4 (c); would that be the most convenient place?

The ACTING CHAIRMAN: We will follow your advice, Mr. Munn. It is being printed in the evidence just before schedule 4 (c).

Mr. DYDE: Now, even although we have the summary, I think there are also some figures that you can add to your schedule 4 (a) for the year ending December 31, 1947. Would you give us the figures there, Mr. Munn?

Mr. MUNN: You mean the average selling price, Mr. Dyde?

Mr. DYDE: Yes.

Mr. MUNN:

Period 1	21·81 cents
Period 2	21·97 cents
Period 3	22·94 cents
Period 4	24·03 cents
Period 5	24·23 cents
Period 6	25·17 cents
Period 7	24·49 cents
Period 8	22·75 cents
Period 9	22·58 cents
Period 10	21·90 cents
Period 11	23·17 cents
Period 12	21·88 cents
Period 13	21·95 cents

Mr. IRVINE: And these prices correspond to the same dates we got before?

Mr. MUNN: Just so.

Mr. FLEMING: And the total?

The ACTING CHAIRMAN: We have it. It is 22·86. If you look at schedule 3 (a) the figure was given as 22·86 for 1947.

Mr. MUNN: That is right, Mr. Chairman; 22·86 is the total.

Mr. DYDE: And for the pork?

Mr. MUNN: Pork operations:

	Cents
Period 1	29·60
Period 2	29·03
Period 3	28·72
Period 4	29·42
Period 5	28·88
Period 6	29·10
Period 7	29·10
Period 8	29·16
Period 9	30·05
Period 10	30·42
Period 11	30·04
Period 12	30·04
Period 13	30·53
Total	29·60

The ACTING CHAIRMAN: Six o'clock gentlemen.

Mr. FLEMING: Has Mr. Dyde given us all the figures he wants us to take tonight? We can take a minute or two if he has some others.

Mr. DYDE: There are one or two things that I think will be of some assistance. On Schedule 4(*a*) where it is marked periods 1 and 2, 1948, I wanted to give a couple of totals there to make it quite evident where some figures are coming from which are on the added page. Under total meats towards the middle of the page, and in the bottom line I have added period 1 and period 2 under (*a*), the figures 19,803,000 odd and 17,609,000 odd, making a total of 37,413,272. The dollars amount immediately next to it to the right totals $10,997,322.

Mr. IRVINE: Please repeat the figure for the pounds.

Mr. DYDE: 37,413,272. You will find those figures getting transferred to the analysis. I think Mr. Munn can also give us the average selling prices for those two periods.

Mr. MUNN: Under beef the first period 25·07; the second period, 24·56. Under pork, period 1, the average selling price is 33·81; period 2, 34·98.

Mr. DYDE: I think that is all, gentlemen.

Mr. FLEMING: There is just one question, Mr. Dyde. We are ignoring pretty largely veal and lamb. Do I take it we are leaving them out from now on?

Mr. DYDE: As far as I can see there is no particular significance in veal and lamb.

Mr. FLEMING: That would be for all purposes of our inquiry?

Mr. DYDE: Yes.

The ACTING CHAIRMAN: The meeting is adjourned until tomorrow at 4 o'clock.

The committee adjourned to meet again on Wednesday, April 28, 1948, at 4 o'clock p.m.

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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 47

WEDNESDAY, APRIL 28, 1948

WITNESSES:

Mr. R. S. Munn, General Manager, Burns & Co. Limited, Calgary, Alta.

Mr. E. Dawson, Manager, Winnipeg Plant, Burns & Co. Limited, Winnipeg, Man.

Mr. J. D. McFarland, Manager, Calgary Plant, Burns & Co. Limited, Calgary, Alta.

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PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

MINUTES OF PROCEEDINGS

WEDNESDAY, April 28, 1948.

The Special Committee on Prices met at 4.00 p.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudry, Beaudoin, Irvine, Kuhl, Lesage, Martin, Maybank, McCubbin, Merritt, Pinard, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Messrs. R. S. Munn, General Manager, E. Dawson, Manager, Winnipeg Plant, and J. D. McFarland, Manager, Calgary Plant, Burns & Co., Limited, were recalled and further examined.

Counsel filed,—

Exhibit No. 103—Statement showing average selling price, gross profit, expenses and operating profit per pound of beef and pork sold for periods ended November 5, 1947 to February 25, 1948, together with comparative figures for the 1947 fiscal year—Burns & Co. Limited. *(Printed in this day's Minutes of Evidence).*

During proceedings, Mr. Pinard took the Chair in the temporary absence of the Vice-Chairman.

At 6.00 p.m. witnesses retired and the Committee adjourned until Thursday, April 29, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
April 28, 1948.

The Special Committee on Prices met this day at 4.00 p.m. The Vice-Chairman, Mr. Ralph Maybank, presided.

Mr. DYDE: Mr. Chairman, I am going to ask a little forbearance if I may today. I have certain other figures which I propose to put before the committee, but immediately before doing so I should like to say that I have a series of questions which I should like to discuss with Mr. Munn and his officers, and I am hoping that it will not be protracted. I should like, if possible, to finish that series and possibly the members of the committee would for the occasion hold their comments or further questions until we have gone through that series. I think it will be profitable for the members of the committee. If we find there is something important coming up of course I do not wish to have questions withheld, but I have a minor plan in mind, and I think I may be able to bring out answers which will be of benefit to us.

Reginald Stace Munn, General Manager, Burns & Company, Limited, recalled.

Eustace Dawson, Manager, Winnipeg plant, Burns & Company, Limited, recalled.

Joseph Douglas McFarland, Manager, Calgary plant, Burns & Company, Limited, recalled.

Mr. DYDE: Mr. Munn, before I ask you a direct question, in the evidence we have so far had before us—and I think you have listened to the evidence—we have had representatives of two companies in the packing industry in Canada. If I may assist you a little bit I am going to lead into the period immediately following decontrol, that is, the period following October 22, 1947. I am going to attempt in a sentence or two to sum up something of the situation as we know it at the present time.

We know that at October 22 you had come through a strike period. We know that the quotas were off meats, and that the meat board had at that time announced that they were standing by to take up surpluses rather than set quotas on the meat to be sold through the meat board.

We also know from our exhibits that we have a heavy run of cattle and hogs immediately following the strike period and, in fact, immediately following the decontrol period. We have also seen that in the case of the companies which have been before us the period of controls was a fairly profitable period over all. I am not referring now to any particular account, either beef or pork, but simply in the over-all operation. So I come to the question that arises as soon as we get into a period of free competition. I should like you to explain to us as clearly as you can what the factors are which enter into the setting of prices of beef and pork in that free competitive period. Before answering that question I think I ought to ask you if you would prefer to answer it with respect to beef and pork separately or with respect to meat as a whole. Which would you prefer?

Mr. Munn: I would prefer beef and pork separately.

Mr. Dyde: All right. Before you answer the question also, Mr. Munn, there is a paper which I have asked you to check which is an analysis by the committee's accountant with reference to average selling prices, gross profit and expenses. You have had an opportunity of looking at that, I think?

Mr. Munn: Yes, sir.

Mr. Dyde: You find, do you not, that the calculations correspond with the figures that you have produced?

Mr. Munn: They do.

Mr. Dyde: I think it would be wise, Mr. Chairman, for us to exhibit that now because Mr. Munn may have some reference to make to that particular paper.

Mr. Irvine: Which exhibit is this?

Mr. Dyde: This will be exhibit No. 103.

The Vice-Chairman: Just a moment. Will it not be all right just to record it as though read into the record? It is not a big statement.

Mr. Dyde: It is not a long statement. It is just that I do not want it to be confused as being something Mr. Munn volunteered. That is all.

The Vice-Chairman: That is all right. We will still give it an exhibit number but print it in the record as though it were now read into the record. Thus it will be identifiable when the word exhibit so-and-so is used.

Mr. Irvine: Is this another one?

The Vice-Chairman: This is the analysis by the accountant.

Mr. Irvine: We got one analysis yesterday.

Mr. Dyde: That is right, and this is another.

Mr. Irvine: Which one is exhibit 103?

Mr. Dyde: The one you are now receiving. The other one is not an exhibit.

Exhibit No. 103: Statement of analysis by accountant.

EXHIBIT 103

BURNS & CO, LIMITED

Average Selling Price, Gross Profit, Expenses and Operating Profit per Pound of Beef and Pork Sold

For the periods ended 5th November, 1947 to 25th February, 1948, together with comparative figures for the 1947 fiscal year.

	Selling Price	Gross Profit	Expenses	Operating Profit
Beef				
Average—1947	22·86c	1·37c	1·91c	·54 L c
Period ended				
5 November, 1947	23·20c	6·30c	3·32c	2·98c
3 December	21·88	2·76	1·56	1·20
31 December	21·95	1·21	1·53	·32 L
28 January, 1948	25·08	2·31	1·43	·88
25 February	24·56	1·19	1·71	·52 L
Pork				
Average—1947	29·58c	3·10c	2·50c	·60c
Period ended				
5 November, 1947	32·06c	4·53c	6·90c	2·37 L c
3 December	30·04	3·21	1·62	1·59
31 December	30·53	2·75	1·99	·76
28 January, 1948	33·81	2·71	2·05	·66
25 February	35·00	2·32	2·21	·11

Note: Above averages calculated from information contained in Schedules 4 (a), 4 (b) and 4 (c) of the Company's return.

Mr. DYDE: This exhibit is an exhibit showing the selling price, gross profit, expenses and operating profit per pound of beef and per pound of pork for certain periods, namely, the periods ending the 5th of November, 1947, to the 25th of February, 1948, together with the comparative figures for the 1947 fiscal year. These figures have been calculated from information contained in schedules 4(*a*), 4(*b*) and 4(*c*) of the company's return. Then, Mr. Munn, also before answering my question are you able to give the committee the selling prices of pork and beef? I should like to have it at Calgary or Edmonton, if you can do it, because that was the area to which you were confining your attention in respect of prices. Are you able to give figures as to selling prices?

Mr. MUNN: We are able to give figures as to selling prices from September at the time the plants were closed by the strike until March of this year.

Mr. DYDE: Would you give those figures, which may be put down in a table in the evidence, but which we would perhaps like to have before us and note them as you give them. Would you first of all, Mr. McFarland, give the prices of beef at Edmonton?

Mr. MCFARLAND:

Red Brand Beef

	cents per pound		*cents per pound*
September 6	23¼	January 10	27
November 1	25	January 17	27
November 8	25	January 24	27
November 15	24	January 31	27
November 22	24	February 7	26
November 29	24	February 14	26
December 6	22	February 21	26
December 13	23½	February 28	26
December 20	23½	March 6	26
December 27	25	March 13	26
January 3	25	March 20	26½

Mr. DYDE: In pork prices I think we will confine our attention to the same items we have on Exhibit 94, if you can. We have fresh loins, smoked trimmed ham, smoked cottage roll, fancy side bacon in half-pound package, casing back. We have some prices on cooked ham, but I think not enough to give us much of a comparison. Can you give those prices in pork?

Mr. DAWSON: We have not got sliced bacon but we have fancy piece bacon.

Mr. DYDE: As long as we can have fancy piece bacon.

Mr. DAWSON: We have not got casing back but we have smoked boneless back, and we have smoked cottage rolls.

Mr. DYDE: You have not fresh loins?

Mr. DAWSON: We have fresh loins and smoked hams.

Mr. DYDE: Would you give us fresh loins, smoked hams, and your heading of bacon.

Mr. DAWSON:

Fresh Loins

	cents per pound		*cents per pound*
September (ceiling price)	33	January 10	42
October 25	35	January 17	42
November 1	35	January 24	42
November 8	35	January 31	42
November 15	35	February 7	42
November 22	35	February 14	42
November 29	35	February 21	42
December 6	35	February 28	42
December 13	35	March 6	42
December 20	35	March 13	42
December 27	35	March 20	42
January 3	35		

Is that as far as you desire it?

Mr. DYDE: Yes. That is for fresh loins at Edmonton?

Mr. DAWSON: That is right.

Mr. DYDE: Smoked hams at Edmonton.

Mr. DAWSON:

SMOKED HAMS

	Cents per pound		Cents per pound
September (ceiling prices)	36½	January 10	45
October 25	36½	January 17	45
November 1	36½	January 24	45
November 8	36½	January 31	45
November 15	37½	February 7	45
November 22	37½	February 14	44
November 29	37½	February 21	44
December 6	37½	February 28	44
December 13	37½	March 6	44
December 20	37½	March 13	44
December 27	37½	March 20	44
January 3	37½		

Mr. DYDE: Describe the kind of bacon you are going to quote now.

Mr. DAWSON: This is fancy piece bacon.

Mr. DYDE: What is fancy piece bacon?

Mr. DAWSON: Our No. 1 brand, Shamrock.

Mr. DYDE: Is it sliced?

Mr. DAWSON: No, in the piece.

FANCY PIECE BACON

	Cents per pound		Cents per pound
September (ceiling price)	39½	January 10	57
October 25	41	January 17	57
November 1	43	January 24	57
November 8	44	January 31	57
November 15	44	February 7	57
November 22	44	February 14	54
November 29	44	February 21	54
December 6	44	February 28	56
December 13	44	March 6	56
December 20	44	March 13	56
December 27	46	March 20	56
January 3	46		

Mr. DYDE: Now, Mr. Munn, after that long digression, for which I am completely responsible, would you mind coming back to my question and you may, of course, in answering it use any exhibit or any document which we have here. Would you explain to us as clearly as you can what factors there are, which, in fact, entered into the setting of your selling prices of beef and pork during those months of November and December? I think you are going to deal with beef first, are you not?

Mr. MUNN: Yes. During the period of control when we were working under Wartime Prices and Trade Board ceilings the market was set for us by the board at the ceiling price. Following the removal of controls we returned to normal free trading as carried on in the industry prior to controls. We sold our beef from day to day, or week to week on the basis of the market price. Now, Mr. Dyde, you may perhaps ask me what the market price is?

Mr. DYDE: Yes, I would like you to explain that.

Mr. MUNN: The market price, as far as we are concerned, is determined and is the price at which our salesmen and the buyer—the retailer—can agree to make a deal. While we desire to get a certain price the fact remains that we may sell at less and at more if we are able to do so.

Mr. DYDE: You are confining your attention to beef and can you be a little more explicit as to that action which takes place at a given time? Do you have a price which you desire to get on one day? Do your men leave the plant with the idea in their minds that they should get a certain price?

Mr. MUNN: I would answer that is definitely so, yes.

Mr. DYDE: And the price which they have in their minds when leaving, and which they hope to get on the market, is determined in what way inside the plant?

Mr. MUNN: Oh, I would say, Mr. Dyde, by means of costing.

Mr. DYDE: Can you tell us more about how you arrive at that definite price or it is almost an ideal price—it is the price which you hope to get?

Mr. MUNN: I think we leave off when we arrive at our cost plus our selling expenses. Anything the market will give us over and above that is profit and anything less would be a loss. We do not go out after an ideal price, but if there was such a thing, and if we could get such an ideal price, I would suggest an eighth or a quarter of a cent above cost.

Mr. DYDE: I may have used the wrong word when I said "ideal" but I meant the price which you in the plant hope that your drivers will get?

Mr. MUNN: Yes, and I suggest that would be a fraction above cost.

Mr. DYDE: I would just like to exhaust that; would you tell the committee as nearly as possible how that price is arrived at in the plant of Burns and Company?

Mr. MUNN: Do you wish to go through the costing system?

Mr. DYDE: Does the question mean you would have to go through the costing system?

Mr. MUNN: No, I would say that it could be done very briefly. Mr. McFarland could explain it.

Mr. MCFARLAND: We have some figures here, Mr. Dyde, which are copies of actual transactions in the Edmonton plant. The first column is the price at which we bought steers, presumably steers that would grade red brand—choice red steers. The next column is the net cost of that beef to us—they are dressed costs, and we have added back or credited the by-products of the beef and deducted that amount from our expenses. On September 6 we bought steers at $12.60, which gave us a net cost, basis red, of $23.43. On November 1, we bought steers at $12.60 giving us a net cost of $24.20; on November 8 we bought steers at $12.65 and the net cost to us, basis red, was $23.52; against these figures our sale price on September 6 was $23.25 showing a loss of eighteen cents against net cost; on November 1 the sale price was $25.00 which showed a net profit of 80 cents over cost; on November 8 we paid $12.65 and the beef cost us $23.52—it was sold at $25.00 giving us a profit of $1.48 a hundred. On November 13 we bought at $13.15, the cost was $24.81, and we sold at $24.00 which is a loss of 81 cents a hundred. On November 22 we bought at $12.95, the net cost was $23.37 and the selling price was $24.00, giving us a profit of 67 cents per hundred. On November 29 we bought at $13.25, the net cost was $22.41, and the selling price was $24.00 giving a profit of $1.59 a hundred. All these figures are in hundredweights. On December 6, we bought at $13.40, the net cost was $22.86, the sale price was $22.00, giving a loss of 86 cents. On December 13 we bought at $14.00, the cost dressed was $24.26, the sale price was $23.50, giving a loss of $1.26; on December 20 we bought at $14.25, the net cost was $24.95, the sale price was $23.50, giving a loss of $1.45; on December 27 we bought at $14.00, the dressed cost was $24.54, the sale price was $25.00, giving a profit of 46 cents per hundred.

Mr. DYDE: You have, I think, obtained those figures since you made up your statement, but would you explain whether or not the officers of your company have those studies from day to day or week to week before them when they are determining the price?

Mr. MCFARLAND: Those figures are available to us but not necessarily when determining the price, Mr. Dyde.

Mr. DYDE: Then is there anything else the officers of your company consider when determining the price which you hope to get on a particular day?

Mr. MCFARLAND: We pay very close attention to what competition will allow us to get for our meat.

Mr. DYDE: Yes, but I just want to exhaust what there is before the officers of your company when the price is determined by the officers and the decision made that the salesmen will go out on a certain day and try to get a certain price per pound?

Mr. MCFARLAND: Those figures I have quoted are the only actual figures.

Mr. DYDE: What other factors are actually taken into consideration by the officers of the company? I think there are other factors?

Mr. MUNN: Well, Mr. Dyde, certainly the amount of business we were doing at the time would be taken into account. If we were not satisfied we would be inclined to reduce the price if necessary to sell more beef.

Mr. DYDE: Is there anything else you can add?

Mr. MUNN: I would consider if we were suffering heavy losses we would run the risk of putting prices a little on the high side of the market, and we would run the risk of losing some business.

Mr. DYDE: Would you go on from there and describe what happens when your salesmen go out with the price which they hope to get for beef? What do they do?

Mr. MUNN: That would depend upon the type of salesman and the location. In the cities of Edmonton and Winnipeg I would suggest that the salesmen would not be permitted to cut prices without referring the matters to his superiors. In the case of salesmen working at some distance from head office, say northern Ontario or northern Quebec, we would have to leave it to his judgment as to whether he would meet the price—within, of course, some reason.

Mr. DYDE: When you speak of cutting prices you mean your own prices?

Mr. MUNN: Exactly. That does not mean he would necessarily sell below the market because the market may be the price he is trying to meet.

Mr. DYDE: He finds out pretty rapidly does he, what the other packing companies are selling for or trying to sell for on that day?

Mr. MUNN: I think sometimes he is inclined to be led astray by the buyer. Quite often I would suggest that is true.

Mr. DYDE: He goes into a retail shop and he says "beef is so much a pound today"—is not that what happens?

Mr. MUNN: No, I think he would say "I am going to mark you up a carcass of beef." The retailer would say "what is the price?" The salesman would say "25 cents—" and the retailer says "oh, I can buy it from so and so at 24½ cents."

Mr. PINARD: What happens then?

Mr. MUNN: It depends on the psychology of the two who wins.

Mr. DYDE: At some stage he may telephone back to the plant and say "the price which I am instructed to ask is higher than some of the other plants are asking, what do I do?"

Mr. MUNN: It would have to be a very very convincing argument before the price would be cut. It would depend on the price at more than one retailer's.

Mr. DYDE: Does he have some discretion to go out and say "the price is ½ a cent higher than I started out so I will raise it"?

Mr. MUNN: No, I would say no. I do not think it is possible in the case of beef to sell for ½ a cent higher than the price which the company wishes to get.

Mr. DYDE: Would you know from your own experience?

Mr. MUNN: Yes, if it were not true we would have been very badly informed.

Mr. DYDE: You put it in a rather doubtful way. You said "I would say,—" but have you not had experience which would enable you to answer that categorically?

Mr. MUNN: I did answer categorically.

Mr. DAWSON: What was the question?

Mr. DYDE: Mr. Munn said he would say the salesman would not raise the price to the retailer on his own accord—that is to try and get a higher price than the desired price—and what I wanted to know is whether you could—from your experience—answer quite definitely?

Mr. DAWSON: If our price were lower than the market we would expect the salesman to find out and adjust the price accordingly. He has also to use his discretion and raise the price if he finds other people are getting a higher price.

(Mr. Pinard took the chair.)

Mr. MUNN: I take it that if he reports the lower prices he should certainly report the higher ones?

Mr. DYDE: Yes. The price that is finally arrived at is referable sometimes to cost and sometimes it is not. In other words you are really repeating to me what you said earlier that you regard as factors both cost and the market? Am I correct?

Mr. MUNN: Yes, but I would say the sale of the beef finally would be influenced by the market.

Mr. DYDE: More than it would be by cost?

Mr. MUNN: Definitely.

Mr. DYDE: What you are saying is that in your opinion the market governs the price and has more effect on price than has your cost?

Mr. MUNN: Yes.

Mr. DYDE: Would that be the case with people who are operating from smaller plants? I refer particularly to Calgary and Edmonton—how many plants are there in Calgary and Edmonton altogether?

Mr. MUNN: Are you referring to packing plants?

Mr. DYDE: Yes.

Mr. MUNN: There are two in Calgary—and one is almost a packing plant which would make three, and there are four packing plants in Edmonton.

Mr. DYDE: Now there are some also which are smaller—people who are producing at the same time?

Mr. MUNN: Yes, the local slaughterers, and people of that kind.

Mr. DYDE: I do not want to put words into your mouth but their price would be governed, would it not, pretty largely by what the larger companies are asking?

Mr. MUNN: We find for the most part that type of person is in and out of the business depending on whether it is profitable. If the market is fairly profitable then he will be in business in a big way, but as soon as the market turns to losses he gets out. For the most part I would suggest that they have to sell slightly lower—not much—but slightly lower than the packing plants.

Mr. DYDE: When you say he is in and out of business, is it because he has not an expensive plant?

Mr. MUNN: That is right; he has not got an expensive plant nor has he the large investment, and he has not a large number of employees.

Mr. DYDE: I think, generally speaking, that we have been referring to beef. Would you now turn to pork in the same period. I am not asking you to read the figures at the moment but I am asking you to say whether there is any difference in the determination of your pork price as against the determination of your beef price?

Mr. MUNN: Mr. Dawson is best informed on that, Mr. Dyde, and he could answer.

Mr. DYDE: I should like Mr. Dawson to answer.

Mr. DAWSON: I would say, yes, there is some difference. Your selling prices on pork are influenced to a much greater extent by cost than in the case of beef prices. If you freeze beef and then go out and attempt to sell it on the domestic market you have to discount it under the price of fresh beef. You are in a position, in so far as pork is concerned, of having more channels into which to put it. If it is not moving fresh, you can move it into the freezer or carry it on into smoked meat.

You asked, I believe, a question there with regard to the change in our pork prices. Shall I reply to that, too?

Mr. DYDE: Yes.

Mr. DAWSON: I think, in attempting to answer that, it is desirable to review, to some extent, what transpired in connection with operating under ceiling prices.

Ceiling prices on meat were set around the end of 1941. Since that time, little adjustment was made in those prices to compensate for the increased supply and labour costs. Those increased supply and labour costs were compensated for during 1942, 1943, 1944 and 1945 by an ever increasing volume. If you refer to schedules 3(a) and 3(b) in our statement you will see that is so.

During 1945, our volume declined very substantially, with the result our overhead expense per 100 pounds increased. Now, this situation became quite acute and at the end of 1946, when some adjustment in ceiling prices was being contemplated because of the new British bacon contract, some allowance was made for the increased supply and labour costs. We then went along on that basis into 1947. All through that year we were faced with increasing costs in our supplies. We had further decreases in volume which increased our overhead cost per 100 pounds.

Then, we had a strike and we wound up at the end of that by granting wage increases amounting to approximately 14 per cent. I think it was only natural that, when the period of decontrol came, we reviewed our costs in the light of these conditions and made what adjustments we felt were necessary.

Mr. DYDE: I would think you would have to review them and it is that review to which I am now asking you to direct your attention.

Mr. DAWSON: When I say we made an adjustment, we did make an adjustment. We have taken down some prices and those prices indicate some increases. Aside from that there were some prices, inevitably, which were actually reduced.

When I speak of reducing prices, we found we had to reduce our prices on out-weight products, that is, a less desirable pork product. The housewife

became more discriminating in her selection. She was only prepared to buy this heavier product at a greater discount in price. I think it is apparent that, when you put some prices down, you must put some prices up to balance the thing. It was a fact, too, that competition came back into the market. We found it necessary to trim our pork products better. We had to de-fat our pork loins and so on. I think our bacon was better trimmed than formerly. The consumer was demanding these things. The consumer became more critical again.

Another factor which entered into the adjustment was the fact that the consumer was again free to exercise a preference for goods which the consumer desired. This was quite obvious in the case of bacon. People had not had enough bacon during the war and as soon as it came back on the market, people started buying bacon in quite substantial quantities. When you cut up a hog, you have quite a lot of cuts other than the bacon, and we have to adjust our prices again to keep some relationship.

I believe that statement outlines why we did these things.

Mr. Dyde: It gives your view of it. Perhaps, we have not had the answer as yet, Mr. Dawson. Now, I propose to come, in my general questioning, to the period starting with the first of January, 1948. From the information we have at present it would seem that, effective January 5, there was a re-negotiation of the United Kingdom contract, resulting in a change in prices. There was a substantial increase in the price of Wiltshire sides, and a change upward in the price of beef.

Now, I do not know whether I should direct this question to Mr. Munn or to whom I should direct it, but the question I want to ask at this point is, are you necessarily fixed with a price to the consumer in Canada, the equivalent of the price that is being paid by the United Kingdom consumer? Did the rise in prices in January under the United Kingdom meat contract inevitably mean an increase in prices to the Canadian consumer?

Mr. Munn: I think the answer to that, Mr. Dyde, is this; the United Kingdom bacon contract is considered to establish a floor price for hogs, and a floor price for hogs requires, whether the hogs be used on the domestic market or export market, that a floor price be paid. I believe that is the understanding. I cannot give you anything in writing to that effect, but I think that explains the price.

Mr. Dyde: Well, there are two questions which arise. I am going to take the liberty, Mr. Munn, of reminding you of a paper which you read at the twenty-eighth annual meeting of the Industrial Development Council, Canadian Meat Packers, in January, 1948. I do not want to take one bit out of this, if you wish to refer to any other portion. Yet, I should like to quote some very interesting sentences from your paper. Gentlemen, I want to make it clear that I told Mr. Munn ahead of time I would refer to this paper. That is correct, is it not?

Mr. Munn: Correct.

Mr. Dyde: You say in one place,

> In the final analysis, the producer, packer and packing house employee, is largely dependent upon the consumer. He must be careful to provide quality meat products at prices he can afford to pay or the entire livestock industry will suffer. In view of this—

I am still quoting—

> —it might well be in the general interest of all concerned, and particularly the producer, over the long term, if the hog market was permitted to reflect both export values and the price at which the Canadian consumer will buy easily. Under these conditions, hog prices might be somewhat lower than at present but the producer would be in a more secure position so far as his future market is concerned.

That is the end of the quotation. If there is any other part of the paper which you wish to have me quote, Mr. Munn, I would be glad if you would tell me. I should like you to elaborate on that statement, because I think you can. Now, we are referring to pork, let us say, and to the condition existing in Canada in January, 1948.

Mr. MUNN: First of all, Mr. Dyde, it is a personal opinion. It is not necessarily the opinion of my company, I think I said elsewhere in the statement, I am not quite sure as I have not a copy of it, something to this effect; the domestic market was, to some extent, tied up with a specific export contract. I assume that nothing could be done about it, but I still hold the opinion that it would be bettter not to have a specific export contract tied up to the domestic market or, rather, the other way around.

Before the war, of course, before there was any United Kingdom contract, the export market fluctuated and it fluctuated wildly. I do not think that is entirely advisable, but the Canadian hog market did reflect the export market and, I think, the price the Canadian consumer was willing to pay; that is not possible today. It may not be desirable.

Mr. DYDE: I would be very glad to make it clear that this was a personal opinion and, yet, I am wondering if what you have just now told me is exactly the same as what you said then. When I read this, my inclination is to feel that you have some view of your own, not your company's necessarily, but some view of your own with regard to how that view which you have expressed could be carried out.

Mr. MUNN: I think it could be carried out in this way; by making an export contract and also by setting a floor, not necessarily at the export price. In the case of beef, we have an export contract which constitutes the floor price and, it is my personal opinion and only my opinion not the company's, that that beef price is not too high. It does constitute a floor. I believe the export hog price, in effect, constitutes a ceiling and a floor.

Mr. DYDE: May I go on one step further and suggest to you that this could have been done in January, that you could have refrained from taking an inventory profit at that date. I do not say that this is a very feasible thing in the light of conditions as they existed, but I am simply stating it could have been done and that it would have held down the price a little bit to the Canadian consumer. Now, does that follow?

Mr. MUNN: The price, in fact, Mr. Dyde, was held down to the Canadian consumer below the equivalent of the export level. I think the figures we have submitted indicate that.

Mr. DYDE: Yes, will you explain to us how that did take place?

Mr. MUNN: You wish me to be specific?

Mr. DYDE: Yes, thank you.

Mr. MUNN: The selling price on the statement you submitted today—excuse me, yesterday's statement.

Mr. DYDE: It is yesterday's statement which was inserted in your material?

Mr. MUNN: Yes, it was taken from our figures. The ceiling price in 1948, the eight weeks' average was $34.36 per hundred or 34·36 cents per pound. We exported a fairly large quantity of pork during those two periods, 9,700,000 pounds, to be exact. Of that quantity, 3,000,000 was at the old price, which means—

Mr. DYDE: Excuse me, just a moment; some members of the committee have not got the exact document to which you are referring.

Mr. IRVINE: Is the witness reading from a document which we are supposed to have?

The ACTING CHAIRMAN: He is referring to a document which was filed yesterday.

Mr. DYDE: Yes, Mr. Munn.

Mr. MUNN: Perhaps I can start again.

Mr. DYDE: Yes, please.

Mr. MUNN: The selling price as stated on that statement for the first 8 weeks of 1948, indicates an average of 34·36.

Mr. DYDE: You find that down near the bottom of the page on the right-hand side.

Mr. MUNN: Compared to 29·6 cents for the whole of 1947. Now, in 1947, we had two changes on Wiltshire prices. It is quite evident from these figures that we did not procure even 7 cents a pound in these 8 weeks over the average for 1947. Now, in these 8 weeks of that 9,700,000, the part which we exported and on which we received the higher price of 7 cents per pound was only about 6,700,000.

Mr. DYDE: Are you going to give us nearer figures, or are these near enough now?

Mr. MUNN: I do not think you have these figures. You have the total pork on schedule 5. In schedule 8, you have the total export of pork for the two periods, and it is 9,700,000 odd.

Mr. THATCHER: I don't just follow that last statement. Would you make that again, if you don't mind.

Mr. MUNN: Of that 9,700,000 pounds of pork we exported in the first 8 weeks of the year I suggest that about 3,000,000 pounds of it that was carried over from December cost us less, and for it the Meat Board paid the old low price; so we received the high price to the extent of 7 cents a pound on 6,700,000 pounds, in round figures. Now, if that is allowed for in these average prices for the first 8 weeks of this year you will find that we averaged on our domestic, 31·7 cents. I could do the arithmetic, Mr. Dyde. Excuse me, the average for everything that we exported was 31·7, in the first 8 weeks of 1948.

Mr. DYDE: Now, I think we can perhaps do some arithmetic, and do it in pencil on that page, can we not; because I think we ought to have these figures that you are giving us on that additional page which was a digest of the information contained in schedule 4. Can we put the figures of the pork in the right-hand side of it along with the export pork and its position in that column?

Mr. MUNN: These figures are very rough, Mr. Dyde. Perhaps we could work them out a little better.

Mr. DYDE: Would you want to work them out now, or would you want to work them out later and give it to us then?

Mr. MUNN: Perhaps that would be better.

Mr. DYDE: You have them worked out as it is?

Mr. MUNN: No.

Mr. DYDE: Then I think it would be better to give it to us generally, with the promise that you will work them out and let us have them later.

Mr. MUNN: You mean, tell you immediately?

Mr. DYDE: Yes.

Mr. THATCHER: Before you go on with that any further, Mr. Dyde, would Mr. Munn explain just how he gets these figures?

Mr. DYDE: I prefer not to until he gives us the figures which he feels are accurate.

Mr. THATCHER: But would he just explain, I would like to have an explanation on this point.

Mr. DYDE: I was thinking that perhaps one of your officers might work it out now and then let us have it shortly.

Mr. MUNN: There is one check which I can't give—these two months we exported 9,700,000 odd. I can't tell you exactly how much was at the old price.

Mr. DYDE: That would seem to me to be a difficulty.

Mr. MUNN: It would not be over two weeks difference anyway.

Mr. DYDE: Why?

Mr. MUNN: Because it was all cured.

Mr. DYDE: I did not understand—

Mr. MUNN: If we deducted from the total exports half of the January in store at the old price the balance would be at the new price.

Mr. DYDE: And by that means you would have a fairly accurate estimate. It might not be accurate to the pound but you think it would be fairly accurate, do you?

Mr. MUNN: It certainly would not favour the company.

Mr. THATCHER: There is certainly something wrong with that somewhere, Mr. Dyde. Maybe I don't understand it.

Mr. DYDE: I think we had better let Mr. Munn's officers work on that if they can right now and we will come back to it in a minute.

Mr. THATCHER: All right.

Mr. DYDE: Because we are in danger of looking at the wrong figures if we do not.

Mr. MERRITT: May I ask you this, Mr. Munn; is this compilation of figures designed to show that you did not take any of the inventory profit on pork?

Mr. MUNN: Not necessarily, Colonel Merritt. It is designed to show that we did not receive even the equivalent of the export increase on the domestic market, the export price, on our old.

Mr. MERRITT: You did not pass that increase on to the domestic market?

Mr. MUNN: Certainly not that full increase.

Mr. THATCHER: You show your profit on pork in 1948, for the first two periods at less than you had in 1947. Am I right in that?

Mr. MUNN: That is correct, yes.

Mr. THATCHER: I do not see how you can get that. If your stock on hand on December 31, was 8,756,000 pounds and that appreciated 7 cents a pound, that would mean that your stock went up $607,000?

Mr. MUNN: We would not put it up.

Mr. THATCHER: You mean that you sold at the old price?

Mr. MUNN: No. We averaged, we averaged the new stock with the old.

Mr. THATCHER: Why, with a terrific inventory appreciation like that would you conceivably have shown your profit less in January and February than a year ago? Wouldn't that factor enter into it if you are increasing your inventory and holding more—which you may be. I think you said earlier that you had approximately 10,000,000 in January and 12,000,000 in February. Are you holding in the hope of a further price increase?

Mr. MUNN: That is stocks held for the Meat Board.

Mr. THATCHER: How can you justify having an inventory appreciation on a particular product of $607,000, as you must have had according to your own figure, and yet in the first two periods of this year you show less profit than last year?

Mr. MUNN: Well, the $650,000 appreciation is a paper figure unless we raise our new price. We did not raise our new price on the 1st of January up to the higher level.

Mr. THATCHER: But you would raise it when you sell it.

Mr. MUNN: I will put it this way; we carried that stock as it was before that and added in the new stock so that it became an average price.

Mr. THATCHER: Do you mean to say that you did not take this inventory appreciation on any of it?

Mr. MUNN: I was speaking of the export. The export goes into cure.

Mr. THATCHER: But would there not be an inventory appreciation of $607,000 on that part of it?

Mr. MERRITT: Does the witness agree that he has $607,000 inventory appreciation?

Mr. MUNN: On part of it yes, if that product could be sold.

Mr. MERRITT: But, in fact?

Mr. MUNN: It affects our average price. The difference is in the average price. For the first two weeks of 1948, compared to 1947—that indicates the amount that was sold on which we did not obtain the 7-cent increase.

Mr. THATCHER: I don't follow that, Mr. Munn, because the price that you got from the government immediately that contract was signed was 7 cents higher than it was say two or three days before. Isn't that correct?

Mr. MUNN: In the case of export?

Mr. THATCHER: Yes.

Mr. MUNN: Except for what we had in cure.

Mr. THATCHER: Then why would you not get a flat 7 cents on the new product. You say, of course, that you would not on what you had on hand; but you would get 7 cents on some?

Mr. MUNN: Not on export.

Mr. THATCHER: Not on export?

Mr. MUNN: No. The Bacon Board never allows any appreciation on stocks on hand. The export stocks we had on hand in December of 1947, went forward to the Meat Board at the old price.

Mr. THATCHER: And you said that 8,760,124 pounds of that would be export—how much of that would be for export and how much of it would be for domestic consumption? What I would like to get is how much your actual inventory appreciation was.

Mr. MUNN: I think we have that here. No, we don't show it on inventory. That is a figure that was got, and we have it here.

The Acting CHAIRMAN: Does that appear in schedule 8?

Mr. MUNN: As a matter of fact, schedule 5, gives the inventories.

Mr. THATCHER: Yes.

Mr. MUNN: We have broken that down for our own information, and the total on hand at the end of the year, December 31—October 4—of the 8,676,000 pounds there was in cure for the Meat Board 1,258,000 pounds, and frozen for the Meat Board 170,000 pounds. Now, we received no appreciation on that.

Mr. THATCHER: That would still leave about 7,400,000—would it be?

Mr. MUNN: That is correct, about 7,200,000.

Mr. THATCHER: That you would make your 7 cents a pound on?

Mr. MUNN: If we sold it at the higher price.

Mr. THATCHER: I still can't follow. You must have sold some of it in January and February?

Mr. MUNN: Definitely, yes.

Mr. THATCHER: With that extra 7 cents more than you were getting the previous year, and yet you show much less profit. Are there some other factors that come in; because in 1947, your profits were $78,000, in the first period but in this last period they are only $61,000?

Mr. MUNN: That is right.

Mr. THATCHER: And 52, in February last year against 9 this year?

Mr. MUNN: That is right.

Mr. THATCHER: I find it hard to justify this decrease when you have your inventory appreciation, coming in in 1948, that you did not have in 1947; and, obviously, a very substantial amount.

Mr. MUNN: Unless we put our inventory price up on the new arrivals.

Mr. THATCHER: You would on what you sold. You might not on what you put in storage, but you would on what you sold. There might be some other factor in there, however.

Mr. MUNN: Well, look at the figures on this sheet. I gave you the average price that we obtained, 34·36 cents; so we didn't have the appreciation of 7 cents even over the average of last year.

Mr. THATCHER: Let us put it this way; if it had not been for inventory appreciation in February you would have lost money I suppose?

Mr. MUNN: There was no inventory appreciation. We were actually selling at less than our export costs.

Mr. THATCHER: Where does this profit come in, then? Sometime when you were selling this you made your extra 7 cents a pound.

Mr. MUNN: We never sold it that much higher.

Mr. THATCHER: You mean you still have it on hand?

Mr. MUNN: We have some of it on hand, yes.

Mr. THATCHER: You haven't sold very much?

Mr. MUNN: No.

Mr. THATCHER: Perhaps you built up your inventories in case you could get a higher price later on; is that it?

Mr. MUNN: No. I think perhaps I have not explained my point very well, Mr. Thatcher, and it is this; that we did not raise our inventory prices because of the fact that pork went up theoretically and as we sold the old pork we would make a profit on it but on the new pork we are losing on it, and on the average that shows us less profit than a year ago. If we don't get the full price for the new pork that offsets the inventory gain on the other.

Mr. THATCHER: Of course, the thing that I was interested in was your inventory appreciation on what you had on hand the time the contract was signed, and you said that would have been about 7,400,000 pounds?

Mr. MUNN: Yes.

Mr. THATCHER: And you said a minute ago, as I recall it, that that would be about $518,000.

Mr. MUNN: Yes.

Mr. THATCHER: It is not just the way I wanted it or that I thought it would be.

Mr. MUNN: I think when we work out this other figure it may help a little.

Mr. DYDE: We will return to that when we have got some further figures. There is another question also, Mr. Munn, that arises in my mind at the same

time, and that is this. Are you able to make it clear to the committee—and it is a little bit the converse of the other question—that the Canadian producer received the full benefit of the increased price in January?

Mr. MUNN: Mr. Dyde, I do not want to—what will I say—question just exactly what you mean by that, but when you say the Canadian producer you mean the Canadian producer as a whole?

Mr. DYDE: No, I am thinking of the man who is raising hogs and selling them to you.

Mr. MUNN: I would say if he raised his own grain he received the full benefit; if he did not and had to buy grain at the higher coarse grain prices he did not receive the full benefit.

Mr. DYDE: Let us try to get rid of the grain element because that is another thing that we have had to worry about before and may have to worry about again. I am thinking more of whether or not you sat down in January and said, "The bacon price has gone up and I want to make sure that the farmer does not suffer. I want to make sure that Burns and Company get whatever profit is fair to them, but this is a windfall to the country, and I want it to get to the producer." Now, did that happen?

Mr. MUNN: Yes, the price went up about $5.40 per hundred of hogs which would be equivalent to Wiltshires at 7 cents per pound.

Mr. DYDE: We would like to have an explanation of how you can say that is equivalent. Can that be done without a mass of figures?

Mr. MUNN: I think so. Mr. Dawson should be able to do it.

Mr. DAWSON: There is a schedule right in here showing a conversion test on a Wiltshire hog, schedule 9(b).

Mr. DYDE: That is the one headed sheet 1-A and the sub-heading, "Export hogs". Is that the right sheet?

Mr. DAWSON: That is right.

Mr. DYDE: It is 9(b).

Mr. DAWSON: Out of 100 pounds of hot weight hog we get 77½ pounds of Wiltshire side. The 77½ pounds of Wiltshire side at 7 cents a pound comes to $5.425, so if hogs had gone up $5.425 that would have reflected the full increase we got on the Wiltshire sides.

Mr. DYDE: And the price you paid for hogs is set out in another schedule?

Mr. DAWSON: No. 6.

Mr. DYDE: Showing grade A hogs, and the price that you actually paid for them at both Calgary and Edmonton. Am I right?

Mr. DAWSON: That is right.

Mr. DYDE: And the figure that you would refer us to, I assume, is the figure following 1948 where under date of January 3 you are paying $22.06 at Calgary and $24.28 at Edmonton, and then the week ending January 10—is that correct?

Mr. DAWSON: January 3 was a split week. There were hogs in there at the old price and the new price. I think if you take the comparison from December 27 to January 10 you will have a more clear picture.

Mr. DYDE: I am right, am I not, in saying the left-hand column of figures is for weeks ending—

Mr. DAWSON: That is right.

Mr. DYDE: It is the average price over the week, is it?

Mr. DAWSON: That is correct.

Mr. DYDE: So that we will compare the week ending December 27 with the week ending January 10, and I remind myself that the week ending January 10 includes the date on which the new United Kingdom contract price came into effect, which was January 5.

Mr. DAWSON: That is correct.

(Mr. R. Maybank, Vice-Chairman, resumed the chair.)

Mr. DYDE: So the increase you show at Calgary is from $21.96 to $27.33, and by subtracting those two figures we get what?

Mr. DAWSON: You get $5.37 there. You will notice there is a slight variation from week to week.

Mr. DYDE: Generally speaking we are up to $27 and something between 30 and 71 cents throughout that period.

Mr. DAWSON: That is right.

Mr. DYDE: And the comparable figures in Edmonton you show are $21.77 for the week ending December 27 and $27.11 for the week ending January 10.

Mr. DAWSON: That is correct.

Mr. DYDE: So that you support your statement by referring us to schedule 6 for the prices that you were paying to the farmer and schedule 9(b) for the export hogs?

Mr. DAWSON: That is correct, sheet 1-A.

Mr. DYDE: Now, should we also under any circumstances look at the domestic pork which follows immediately afterwards?

Mr. DAWSON: That is not related to any particular market. That was just to outline our method of costing.

Mr. DYDE: I do not think sheet 1-A has to do with any particular market either, has it?

Mr. DAWSON: No, I merely referred you to that to get the yield figure of 77½ per cent.

Mr. DYDE: While we are on these two schedules we had better make it clear what they are. They were not taken at any particular date. Is that right?

Mr. DAWSON: That is correct.

Mr. DYDE: And what are the prices on there, sample prices or what?

Mr. DAWSON: They are sample prices put on to indicate our method of costing.

Mr. DYDE: Picked out of the air or are they related to some date?

Mr. DAWSON: They probably were related to some date. They were taken from some of our tests, but they do not represent any particular period.

Mr. DYDE: We must not look at that page and say that was the situation on any given date?

Mr. DAWSON: No.

Mr. DYDE: Is it possible for you—I do not say I am asking you to do it—to do it as of a given date?

Mr. DAWSON: Yes, we could take the hog market, the cost of a hog at any date, and answer it at any particular plant. We would probably have to adjust the expense figures to bring them in line with whatever plant was being considered.

Mr. DYDE: The particular plant?

Mr. DAWSON: Yes, and we would also have to adjust the credit values there for sundry products to bring them in line with the value at that particular point.

Mr. DYDE: That would be a study in itself day by day?

Mr. DAWSON: Yes.

Mr. DYDE: Now, before I finish this particular part of the questions I come back again to the question—and I think this is perhaps Mr. Munn's question—as to whether there is anything—and I remind you, Mr. Munn, of the remark you made in your paper in January—that the packing industry can do under these circumstances where we find prices rising and where we find the consumers having to exercise consumer resistance, or feeling that they have to? Is there anything the packing industry can do at that point to level off prices? Perhaps I should make it clear to you that the reason I am asking that is that while this committee is sitting here today my understanding is that meat prices are going up. I am wondering whether you have considered whether there is anything that the packing industry can do under those circumstances to help level off prices.

Mr. MUNN: I think there is very little, Mr. Dyde. The industry should operate efficiently, and I think it is operating efficiently. It should limit its profits within reason, but I do not think the profits made by the industry, if they were all offset against the price level, would make a very great deal of difference.

Mr. DYDE: I am not so much suggesting that you should take less profit. I am not driving at your profits at the minute. What I am trying to find out is whether there is anything that can be done usefully by the packing industry. You may say to me that the only thing you can do would be to take less profit. If that is all the answer that is all the answer, but if there is anything else we would be glad to have your suggestions and advice.

Mr. MUNN: Frankly, I do not know what the industry could do.

Mr. DYDE: You have expressed yourself in the article that I read from as feeling, I think, that this situation could be improved, or that there is room for improvement.

Mr. MUNN: There is only one thing that I know of whereby the price to the consumer could go down to any extent worth while, and that is for the producer to accept less, and since we have an export market price that constitutes a floor I do not think it is the intention that the producer should accept less. I do not know enough about the problems of the producer to know whether or not he is doing well. There is just one thing in that connection. I understand that the export price is based upon coarse grains at a certain level. I do not know what that level is, but I do know that coarse grain prices have varied from time to time since controls were removed. Perhaps hog prices that varied with coarse grains would be of some value. The producer if he had cheaper coarse grain would not lose if the hog price followed coarse grains, and the consumer would benefit when the price came down.

Mr. PINARD: May I ask if the price of coarse grain is lower now than it was at the end of 1947?

Mr. MUNN: I hesitate to give an answer to that. I do have some information up to April 7.

Mr. DYDE: We have an exhibit here, Mr. Munn. It is exhibit 98. Our exhibit 98 is mill feed prices as taken from the live stock market review. That gives us the information that barley meal and chopped oats have gone down from the high last October to a price appreciably lower. I am speaking of March 17 where our figures end. That is appreciably lower than the highest price.

Mr. PINARD: In fact, it went down from $67 to $62.20 now.

Mr. DYDE: Barley meal actually was $71 at one time. That is its highest price, but since January it has been at a high of $68, and on March 17 it was $62.20. Does that help you in any way?

Mr. MUNN: No, it does not because I do not know the level of coarse grains when the hog contract was made, on what it was based. I understand the export contract price was based upon coarse grains at a level at a certain time. I do not know what time that was or the level.

Mr. DYDE: It may be that you would find that difficult to pursue, anyway, and, Mr. Chairman, we will have a witness with reference to how that United Kingdom price was set. I have one or two more questions and then I will have completed this part of my questioning. I asked you, Mr. Munn, to produce information with reference to condemnation insurance and your condemnation insurance fund. It may be that I did not ask this question specifically enough, and Mr. Munn informs me that if he has not all the information we need he will be quite glad to send it after a time. Would you please, in the meantime, Mr. Munn, give us the information which you have?

Mr. MUNN: I have the figures for the last two years, 1946 and 1947. The amount of insurance the company collected on hogs and cattle are given separately, the total of the condemnation losses are separate for each of the plants, and the total profit or loss in the account is given.

Mr. MERRITT: Could I have this explained? Is there any record of this matter in the statements produced?

Mr. DYDE: No.

Mr. MERRITT: How does it come into the picture?

Mr. DYDE: It comes into the picture in this way. A witness who represented the Hog Producers' Association, Mr. Tummon, raised the question as to condemnation insurance on hogs. He included condemnation insurance as part of his cost and he said that the hog producer was concerned with whether he was not being asked to pay more condemnation insurance than he should be asked to pay. That is the way it arose.

Mr. MUNN: With respect to hogs, in the year 1946, we collected $112,990.

The VICE-CHAIRMAN: Would you just mention the premium at this point?

Mr. MUNN: $\frac{1}{2}$ of 1 per cent.

The VICE-CHAIRMAN: By collecting $\frac{1}{2}$ of 1 per cent of the value you arrived at the total you have mentioned?

Mr. MUNN: Yes.

Mr. IRVINE: That was in 1946?

Mr. MUNN: Yes. Our condemnation losses for the year at the seven plants totalled $88,508 so it will be seen there was a profit on the account—more insurance collected than condemnation losses suffered—to the extent of $24,481.

The VICE-CHAIRMAN: What then becomes of that $24,481?

Mr. MUNN: It is written into profit.

The VICE-CHAIRMAN: It is written into your profit and loss account?

Mr. MUNN: That is correct. In 1947 the insurance collected was $108,176. Condemnation losses amounted to $81,486 so the profit was $26,690.

Mr. DYDE: Do you know enough to say whether in previous years the figures are comparable?

Mr. MUNN: I would say, Mr. Dyde, that we have always had less condemnation losses on hogs than insurance collected.

The VICE-CHAIRMAN: It is about 25 per cent of the collection which is profit?

Mr. MUNN: The profit is 3 cents per hog in the one year and 4 cents per hog in the other year.

The VICE-CHAIRMAN: Would I be right in the calculation that your profit stands at about 25 per cent of your collection?

Mr. MUNN: That is very nearly correct—between 20 and 25 per cent.

The VICE-CHAIRMAN: Of the fund each year?

Mr. MUNN: Yes, ½ of 1 per cent could be reduced by that amount and it would break even.

The VICE-CHAIRMAN: And if this was the usual story, or the constant story, it would be appropriate to reduce the amount of your premiums by 25 per cent?

Mr. MUNN: That is correct.

The VICE-CHAIRMAN: That is presuming that it is a constant occurrence?

Mr. MUNN: Yes, and I think it is.

The VICE-CHAIRMAN: There could be no objection to a reduction of 25 per cent of the impost upon the vendor of the cattle?

Mr. MUNN: Upon the vendor of the hogs.

The VICE-CHAIRMAN: You are dealing only with hogs?

Mr. MUNN: It is important that it is hogs only with which I am dealing.

The VICE-CHAIRMAN: You are going to give cattle now?

Mr. MUNN: Yes. The cattle insurance collected in 1946 was $76,020; condemnations were $116,480; the loss for the year is $40,459. In 1947 the insurance collected was $51,557; condemnation losses were $112,095; the loss for the year was $50,537.

Mr. DYDE: Now the rate of insurance on cattle is calculated on a basis different to that used with respect to hogs?

Mr. MUNN: The rate is 20 cents per head on heifers and steers, 50 cents per head on cows, 20 cents per head on calves 400 pounds up, and nothing on sheep.

Mr. DYDE: The figure with respect to the rate on cattle altered in 1945?

Mr. MUNN: It altered on August 13, 1945.

Mr. DYDE: The hog rate has never altered?

Mr. MUNN: It has never changed.

Mr. DYDE: Do you know when this practice first started?

Mr. MUNN: I heard a witness give the date but I have no knowledge of my own. I might say that it has been the practice to collect this insurance ever since I have been in the industry.

Mr. DYDE: Mr. Munn, would you be willing—after you have gone back to your office—to give us the extended figures for the years previous?

Mr. MUNN: Yes, I think that can be done easily.

Mr. DYDE: May I ask you to let us have a letter setting out the information and extending the figures back to 1938—that fiscal year?

Mr. MUNN: Yes.

Mr. DYDE: Then with reference to one other matter, and you and I have had some discussion with regard to this matter of the consumer's dollar and meat—I call the attention of the members of the committee to the 1947 annual report of the company at page 2. You there set out a diagram showing how every $100 was distributed by Burns and Company. I would like to have your own view as to whether it would be desirable from the point of view of the public and from the point of view of the industry—if it could possibly be worked out—to publish periodically some table or document which would show where the consumer's dollar is going when the consumer

buys beef and pork? I am first asking you if you think such a publication would be desirable from any point of view, and then I would ask you if it is practical and could be done?

Mr. PINARD: In other words you want the profit to the retailer?

Mr. DYDE: Yes.

Mr. PINARD: That is the only thing that remains.

Mr. MUNN: Mr. Dyde, I think it would certainly be desirable if the information could be given accurately.

Mr. DYDE: That has to do with the next part of my question. Could it be done with sufficient accuracy to give proper impression?

Mr. MUNN: I would not care to say it would not be possible to do it accurately because I do not like to say anything is impossible. I think it is worthy of the attempt but I think it is something that some government body—the Dominion Bureau of Statistics or some organization of that kind—should calculate.

Mr. DYDE: Supposing the Dominion Bureau of Statistics was willing to take the task over would you express to us your opinion as to what Dominion Bureau of Statistics ought to get in the way of information in order to carry out that task?

Mr. MUNN: I am not quite sure how they make up their cost-of-living index—and that is not in favour with everybody—but I would suggest that they would have to use the same means. In other words they attempt to find the price of many different articles. I think you would have to find the price which was being obtained for meat by the average retailer or the majority of retailers, and you would have to find the same thing with respect to the packers. I think it could be done.

Mr. DYDE: I have finished, Mr. Chairman, at this moment, with my questions.

The VICE-CHAIRMAN: You have finished with this part of your case. Are there any further questions at this point?

Mr. THATCHER: I just have a few questions to ask, Mr. Chairman. They are general questions and they deal with inventory appreciation. I do not think I have got the point clear yet as to how the inventory appreciation of this pork would amount to $518,000 and yet in January and February the profit of the company is small as compared with the profit a year ago? How could that be unless you are storing your inventory?

Mr. MUNN: We are not storing our inventory. We store for the meat board but, that would be pork purchased since the 1st of January and purchased at the higher price. It would be carried at the higher price.

Mr. THATCHER: Then, Mr. Munn, what is the reason for showing such a small profit in pork? Is it because you are paying the farmer so much more in proportion to what you are selling the pork for?

Mr. MUNN: You have it there, exactly.

Mr. THATCHER: That is the reason?

Mr. MUNN: It is the reason in the final analysis.

Mr. THATCHER: In spite of inventory appreciation your position is worse?

Mr. MUNN: Our inventory appreciation which we took on the sale of the old product is more than offset by our losses on the new product.

Mr. THATCHER: I see—I understand that. Would you tell me when the ceilings came off on October 22—I presume your packing plant was not sorry to see that occur—you found your operations easier without those ceilings to worry about—or were they more difficult?

Mr. MUNN: That is a very difficult question to answer, Mr. Thatcher, for this reason. When the Wartime Prices and Trade Board fixes the price for us the price is no problem, particularly when we continually operated short of the product. In other words we were under quota. You can print a price list at the beginning of the year and that price is good for the rest of the year. You know exactly what you are going to get and the only problem is to buy raw material in order to sell at a profit.

Mr. THATCHER: Do I take it you would have liked to have price ceilings remain?

Mr. MUNN: No, I say it is easier when there are price ceilings, but when they come off you have got to get down to business and try and figure your profit and get as much money as you can, consistent with what you are paying on the market.

Mr. THATCHER: In other words you can make greater profits with the ceilings off? That is a fair statement?

Mr. MUNN: No, I would not agree with that entirely but I would say it is at least more within our own hands. If we would like to try and get more money for beef we can try—whether we succeed depends upon a number of things.

Mr. THATCHER: Would you agree with the statement that you have succeeded? After October 22 of this year your profits are better than they were in the months preceding? Is not that borne out in your statement? You may check it if you like.

Mr. MUNN: I do not think that is correct. Are you picking out some particular period?

Mr. THATCHER: Suppose you look at schedule 4(c) of 1947 and your profit there as compared with a year ago is greater with respect to both beef and pork? Schedule 4(c) for 1946 shows you suffered a loss of $24,000. In the corresponding period of 1947 you had a profit of $81,000—that is in respect of your beef. In your second last period you had a profit on hogs of $27,000, but this last year it was $87,000?

Mr. MUNN: You are referring to periods 11 and 12?

Mr. THATCHER: Yes.

Mr. MUNN: The period after ceilings came off? Yes, I have not been questioned before on this, otherwise I would have explained that, in page 11, we have a hide profit on sales on account of the removal of ceilings of $89,000 The money was not made in our beef operations in that period. Incidentally, we worked only two weeks of that period. In the next period—

The VICE-CHAIRMAN: It was not made in that period, you said?

Mr. MUNN: The hide profit?

The VICE-CHAIRMAN: Yes.

Mr. MUNN: I said the hide profit was made in that period amounting to $89,000 but beef actually did not make any money in that period, the chief reason being we only worked two weeks.

Mr. MERRITT: I am still not clear as to which page you mean?

Mr. THATCHER: Page 4(c), January 1 and December 31.

The point I want to make, Mr. Munn, is that Burns and Company, for the last three periods after ceilings came off on beef, made $145,000 as against $72,000 in 1946; on pork $192,000 as against $29,000, if my figures are correct. Now, there is nothing wrong with that. I am suggesting the fact ceilings came off may have been partly responsible for that larger profit. I should like you to say if that is so or if it is not.

Mr. MUNN: I should like to deal with each of them separately, beef and pork. For the eleventh period, I mentioned hide prices. Those hides were taken off in August and September and they were sold when the price ceiling on hides was removed. All I wish to point out is that we did not actually make it on the beef we handled in that period; it was picked up from an earlier take-off of hides.

In the twelfth period, yes, we had a profitable period. Even leaving the hide profit out, we made 72 cents a hundred pounds in that period.

In the thirteenth period, of course, we lost again, 32 cents a hundred.

So far as pork is concerned, I do not think we need to bother with the eleventh period because it is so small. The eleventh period shows a loss, which we will ignore.

Mr. THATCHER: Yes, I see; that is right.

Mr. MUNN: Then, the next period, $180,000. The slaughtering was extremely heavy. I must leave you to judge this; our gross for the whole year was 3·10. Our gross for that period was 3·21. Included in that gross, however, was an appreciation of about $30,000 which we received when the prices board put up Wiltshires in September. We carried those Wiltshires over on account of the strike and sold them in that month.

Mr. THATCHER: When Mr. McLean of Canada Packers was in front of the committee, he made this statement about his results. He said, "The chief factor affecting the results of Canada Packers has been the removal of ceiling prices on many of the products in which the company deals, including meats, hides, butter, etc." Would you say the same was true of your company or would you say it was not true?

Mr. MUNN: I would say the two factors which influenced our results more than any others were, (1) inventory appreciation and (2), the fact which you probably have noticed, that our depreciation on assets was $250,000 less in 1947 than it was in 1946.

Mr. THATCHER: Well, the first point is the point in which I was interested.

The VICE-CHAIRMAN: Why was that depreciation less; because you had fully depreciated some things?

Mr. MUNN: Exactly.

Mr. PINARD: Is that depreciation allowed by the income tax department?

Mr. MUNN: Correct.

The VICE-CHAIRMAN: Are there any further questions along this line? Mr. Dyde has another field into which he is going.

Mr. IRVINE: I can ask my questions any time.

Mr. DYDE: As a matter of fact, I am nearly finished with the general field. The only thing I had left to do, in case the members of the committee wanted to do it, was to go over some of the figures in the material produced and I will start on that. However, if there are any other general questions, I think we might perhaps clear those up now.

The VICE-CHAIRMAN: Are there any other general questions?

Mr. MERRITT: I should like to ask one question on this digest of information on schedule 4. Mr. Thatcher asked about the results since the removal of price control. Now, when I look at this statement here, I find that your 1947 net profit on beef has been converted, judging by this 18th period, from a loss of ·54 to a profit of ·22 cents per pound; is that correct?

Mr. MUNN: That is correct. Again, I have to bring up the hide question. We took up $35,000 inventory profit on hides in that period. Without that hide profit, it would have shown ·04 loss.

Mr. MERRITT: In 1948?

Mr. MUNN: Yes.

Mr. MERRITT: All those figures on this statement include articles which are not part of edible meats?

Mr. MUNN: That is correct.

Mr. MERRITT: With regard to pork. I see that a profit of ·6 cents a pound in 1947 has gone down to a profit of ·4 cents a pound in this period since the turn of the year, since decontrol; is that correct?

Mr. MUNN: That is correct.

Mr. DYDE: Are you able, yet, Mr. Munn, to give us the figures with regard to the question Mr. Thatcher was asking, the figures we put opposite 1948 according to your calculations?

Mr. MUNN: I am going to ask Mr. Dawson to do it. He will do it much better than I would.

Mr. DYDE: Will you do that, Mr. Dawson?

Mr. DAWSON: We started with your statement, schedule 4, which was given to us yesterday. It shows the average ceiling price in 1947, 29·6 cents. We take the first eight weeks of this year which show an average ceiling price of 34·36 cents; that is an increase of 4·76 cents.

Mr. DYDE: So, we can put that increase down opposite here?

Mr. DAWSON: No, what I was going to point out was that 34·36 includes a substantial quantity of export Wiltshires on which we received an increase of 7 cents per pound. If we delete the 7 cents per pound on those Wiltshires, it brings our average price down on the total pork sales for that period to 31·7 cents.

Mr. DYDE: Then, can you give us a figure under pork and opposite sales in pounds? Can you give us a figure which represents the figure on export sales?

Mr. DAWSON: We have calculated there were 6,700,000 pounds of Wiltshires exported in those eight weeks.

Mr. DYDE: Is that actually exported or sold to the meat board?

Mr. DAWSON: Sold to the meat board and actually shipped, on which we received the advance of 7 cents per pound. Our calculation is that that is $469,000. In January, the first eight week period sales, as you show them on the digest, are $6,038,133, so we reduced that by $469,000 which gave us a figure of $5,569,133.

Mr. DYDE: Just a minute, I have not got that figure.

Mr. DAWSON: $5,569,133. Now, that figure, divided by the total sales volume, you show as 17,571,606 pounds, gave us an average price of 31·7 cents. I think that is a correct calculation.

Mr. DYDE: We cannot put anything opposite gross and net profit, anyway?

Mr. DAWSON: No, there is no change there. We merely reduce the increased value on export goods. If I might just comment on that, Mr. Thatcher was wondering whether our inventory appreciation might have gone—

Mr. DYDE: I want you to comment on that.

Mr. DAWSON: The average ceiling price, if you refer to the schedule, I think we gave those prices yesterday in schedule 4 *(a)* and *(b)*. I think we show the average ceiling prices on pork from period to period.

Mr. DYDE: That is right.

Mr. DAWSON: We showed there the December average ceiling price of 30·53 cents. If you compare that with the adjusted price for the first eight weeks of this year of 31·7 cents, I think that reflects a true picture of what we got in the way of increased price for our products.

Mr. DYDE: Just make clear to me where you get that 31·7 cents?

Mr. DAWSON: The 31·7 was the figure I just gave you for the first eight weeks. We showed sales of $6,038,133.

Mr. DYDE: Yes.

Mr. DAWSON: Which included the 7 cents extra on the Wiltshires which went out at the higher price.

Mr. DYDE: The 31·7 is the figure we should have put down in this digest of information on schedule 4 as being the ceiling price.

Mr. DAWSON: Without the additional price on the Wiltshires that is what it would have been if the Wiltshire price had remained constant.

Mr. MUNN: That indicates the average domestic.

Mr. DAWSON: It is the average of all our sales for that period.

Mr. MUNN: Yes.

Mr. DYDE: There are one or two other figures I would like to call attention to before we adjourn. We have an exhibit called 94, Mr. Munn, which I think you have had an opportunity of seeing; and on exhibit 94, we have on the first sheet the wholesale beef prices as supplied to us by these government authorities; and I call attention to the Edmonton prices for red, commercial and cow; and we have taken the wholesale prices for pork, which are on the fifth sheet—it is not numbered but it is the fifth sheet of that same exhibit. And you had an opportunity of comparing the prices that you have given us and that which you sold with the average prices that we have on this exhibit?

Mr. MUNN: Yes.

Mr. DYDE: I thought it would be worth our while if you called out the average prices on red brand at Edmonton. You have already done it but I want to show where we stand with regard to the average prices compared to your own prices?

The VICE-CHAIRMAN: You expect some variance between the averages you have there in exhibit 94, and the Burns' prices.

Mr. DYDE: I would expect that there would be some variation. There usually is some variation.

The VICE-CHAIRMAN: Because that is the average.

Mr. DYDE: Because it is the average, and I wanted to try and clear my mind as to how far off the average you are, and which way.

The VICE-CHAIRMAN: How would it be if you were lower if you state that at the time. Would there by any objection to that?

Mr. DYDE: I think we might do it that way, Mr. Chairman.

The VICE-CHAIRMAN: The lower or higher, probably we can appreciate the whole picture better if that were done as you went along.

Mr. DYDE: In exhibit 94, Mr. Munn, we have the wholesale price on red brand at October 27, at 25 cents per pound. Are you higher or lower on that date?

Mr. MCFARLAND: The same price.

Mr. DYDE: October 31, is the same price?

Mr. MCFARLAND: The same.

Mr. DYDE: Our next date is November 6, and the price we have for red brand is 24·75 cents.

Mr. MCFARLAND: The closest I have to that date is November 8, and we quoted 25 cents.

Mr. DYDE: You were above the average there.

Mr. MCFARLAND: ¼ of a cent.

Mr. DYDE: Our next price is taken November 15, and it is 24·25.

Mr. McFARLAND: The closest I have to that is November 15—24 cents—we are down ¼ of a cent there.

Mr. DYDE: On November 20, the price I think is 23¼.

Mr. McFARLAND: The closest I have is November 27, and the price is 24, or ¾ higher.

Mr. IRVINE: Which column are you following Mr. Dyde?

Mr. DYDE: I am following Edmonton, the first page of exhibit 94, and under "red brand".

Mr. IRVINE: Oh yes. I was following Toronto.

Mr. DYDE: Now, I might continue. On November 27, I find that the average is 22 cents. What is your closest price?

Mr. McFARLAND: What is the date again?

Mr. DYDE: November 27, is our date.

Mr. McFARLAND: The closest I have for that is November 29, the price is 24 cents—2 cents higher.

Mr. DYDE: You are higher there?

Mr. McFARLAND: Yes.

Mr. DYDE: On December 11, our next date, is 23 cents.

Mr. McFARLAND: We have a price range there—December 6, of 22 cents and then on December 13, of 23½ cents.

Mr. DYDE: December 23, the price we have here is 25 cents. That is our next date.

Mr. McFARLAND: The closest date I have to that is November 20, with 23½.

Mr. DYDE: A little above the average?

Mr. McFARLAND: And on December 27, we advanced to 25 cents.

Mr. DYDE: Which is the same as the average for December 23. Then I come to the next average, December 31, 26 cents.

Mr. McFARLAND: Our price holds constant, 25 cents, to January 3; and that is 1 cent a pound less.

Mr. DYDE: Yes. And now, can you explain to me why our average should have gone to 26 cents at that time whereas you are considerably lower; I mean, do you know enough about the market conditions at that time and at that place to be able to tell me.

Mr. McFARLAND: I would not say definitely at that date, Mr. Dyde.

Mr. DYDE: That amounts to quite a range in prices if your price is 1 cent or 1½ cents—is it—lower?

Mr. McFARLAND: We are 1½ cents lower.

Mr. DYDE: You are 1½ cents lower. If you are 1½ cents lower per pound you must have a range of prices at that date.

Mr. McFARLAND: December 31—your prices go to 26 cents. Our highest is what I quoted, 25 cents.

Mr. DYDE: A cent. Would you regard that as being well below the average?

Mr. McFARLAND: Yes. I would say it is below, more than below the average.

Mr. DYDE: Your competitors are getting the edge on you there, are they?

Mr. McFARLAND: Judging from your report it would appear they were.

Mr. DYDE: I was going to say, perhaps we had that position remedied a little later.

The VICE-CHAIRMAN: About the range of prices there, do you know anything about that? If you are below the average you may know the figures that might have gone into the additions here to result in that average. Have you anything to say? Is there anything on our statement?

Mr. DYDE: I can perhaps answer that better than Mr. Munn can, because in inquiring how these prices on exhibit 94, were made up I was told by the officials that in getting the wholesale prices they took the prices from four to six plants, depending on the number of packers in a particular city.

Mr. PINARD: It was done by the Wartime Prices and Trade Board?

Mr. DYDE: Yes.

Mr. THATCHER: It is 6 o'clock, Mr. Chairman.

The VICE-CHAIRMAN: We will adjourn until tomorrow.

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 48

THURSDAY, APRIL 29, 1948

WITNESSES:

Mr. R. S. Munn, General Manager, Burns & Co. Limited, Calgary, Alta.

Mr. E. Dawson, Manager, Winnipeg Plant, Burns & Co. Limited, Winnipeg, Man.

Mr. J. D. McFarland, Manager, Calgary Plant, Burns & Co. Limited, Calgary, Alta.

Mr. H. MacEwan, Vice-President, Wilsil Limited, Montreal, Que.

Mr. G. E. Hoult, of P. S. Ross & Sons, Auditors for Wilsil Limited, Montreal, Que.

Mr. G. M. Smith, of P. S. Ross & Sons, Auditors for Wilsil Limited, Montreal, Que.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

MINUTES OF PROCEEDINGS

THURSDAY, April 29, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Harkness, Irvine, Kuhl, Lesage, Martin, Mayhew, McCubbin, Pinard, Thatcher, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee in attendance.

Messrs. R. S. Munn, General Manager, E. Dawson, Manager, Winnipeg Plant, and J. D. McFarland, Manager, Calgary Plant, Burns & Co. Limited, were recalled and further examined.

During proceedings, Mr. Mayhew took the Chair in the absence of the Chairman.

Witnesses discharged.

Mr. H. MacEwan, Vice-president, Wilsil Limited, Montreal, and Messrs. G. J. Hoult and G. M. Smith, of P. S. Ross & Sons, Auditors of the Company, Montreal, were called, sworn and examined.

At 1.00 p.m. witnesses retired and the committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudoin, Harkness, Irvine, Kuhl, Lesage, Martin, Maybank, McCubbin, Merritt, Pinard, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Messrs. MacEwan, Hoult and Smith, representing Wilsil Limited, were recalled and further examined.

During proceedings, the Vice-Chairman, Mr. Maybank, took the Chair.

At 5.45 p.m. witnesses retired and the Committee adjourned until Friday, April 30, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

11730—1½

MINUTES OF EVIDENCE

House of Commons,
April, 29, 1948.

The Special Committee met this day at 11 a.m. The Chairman, Hon. Paul Martin, presided.

The Chairman: Please come to order, gentlemen.

Reginald Stace Munn, General Manager, Burns & Company, Limited, recalled:

Eustace Dawson, Manager, Winnipeg plant, Burns & Company, Limited, recalled:

Joseph Douglas McFarland, Manager, Calgary plant, Burns & Company, Limited, recalled:

Mr. Dyde: Mr. Munn, there are one or two questions arising out of yesterday's evidence which I would like to ask, and I have some new ground which I would like to cover. We discussed yesterday the increase that took place in prices in November and December in both beef and pork and we touched for a moment yesterday on the increase that is taking place today, as this committee is sitting, with respect to the price paid by the consumer for meat. I am going to put a rather direct question to you in this manner. Would it not be possible for Burns & Company, Limited, in particular, and for the packing industry in general, to refrain from taking the highest market price for its product, with the aim in view of keeping prices at a level where the consumer is not required to exercise his consumer resistance? That is a pretty general question and it is pretty broad. If you want me to add something to it before you answer please say so?

Mr. Munn: You are suggesting, Mr. Dyde, that the meat packers should combine or should get together and co-operate to keep prices down?

Mr. Dyde: I would like to refer the question first of all to Burns & Company in particular. Could Burns & Company, Limited, have taken any action, either in November and December of 1947 or today, to prevent the increase in prices? Would it not be good policy—perhaps I should put it that way—from your own point of view, to refrain from taking the highest market price, in the hope that you will be able to level off prices to some extent?

Mr. Munn: Mr. Dyde, according to the figures you have from the Wartime Prices and Trade Board it would appear that Burns & Company, at least in Edmonton, did not take the highest market price.

Mr. Dyde: On the other hand, that is perhaps slightly evading the question—I do not mean purposely evading the question, but it is evading because there was an increase in price in November and December and there must be an increase in prices today.

Mr. Munn: There certainly are increases in price today, Mr. Dyde, and I am not questioning that for a moment. In November and December there were

increases in prices but there were also decreases in prices. According to our records while red brand beef sold for the most part above the previous ceiling it did sell as much as a cent and a quarter under the ceiling. Commercial beef sold 2 to $2\frac{1}{4}$ cents below the former ceiling.

Mr. DYDE: You are referring to Burns' prices?

Mr. MUNN: To Burns' prices, yes.

Mr. DYDE: So that what you are saying in effect in that Burns & Company, Limited, did do something to hold prices down?

Mr. MUNN: No, I am not suggesting that at all. I am suggesting rather that there was not a general price increase on all meat. Some quality of meat, perhaps outweight pork and poor quality beef did sell at lower prices than those which prevailed under the ceiling.

Mr. DYDE: We are now talking about November and December?

Mr. MUNN: Yes.

Mr. DYDE: In that period there were increases in prices—and they are not pronounced, I am bound to say, in Edmonton and Calgary where your main field is. There were increases in prices in November and December and you say there were also decreases. Generally speaking, however, the price is on the way up in November and December. Do you not think that is a fair way of stating the picture?

Mr. MUNN: Yes, but I think it would be very difficult to determine to what extent it rose. I do not think it went up to the point where there was any resistance on the part of the consumer in those months.

Mr. DYDE: I agree with that, and the consumer resistance did not solidify or harden until January or later on in February. There is no consumer resistance strongly in evidence today—in April—but prices are going up and would you not expect that in a few days the consumer is going to start resisting again?

Mr. MUNN: Yes, I think that is quite possible. I notice from the press that the best steers are selling very much higher than they were a few weeks ago, I have been away from our operations for a week and I am not thoroughly familiar with the situation but as a matter of fact that happens every year. Prices may be higher than a year ago but the trend of higher prices always develops at this time of year when there is a shortage of deliveries of the better class of cattle.

Mr. DYDE: I am possibly driven to make the question slightly more general in order to get your view. At a time when prices are rising, and particularly now, we find in this committee that we are continually being told "it is not our fault, it is somebody behind us" and then we get to that person or group of persons and they say "it is not our fault, it is some condition behind us". We have that rather serious situation where everybody is saying that it is not his fault, that it is somewhere back of him, and our difficulty there arises. You are a central figure in the meat industry and I am assuming that you do not like these peaks and valleys and you would like to iron them out. Therefore, would it not be possible for Burns & Company, even if it meant taking the lead on action to refrain from taking the highest available market price, to assist in that levelling?

Mr. MUNN: I do not want you to think, Mr. Dyde, that I am evading the question, but Burns & Company are essentially meat packers. They have not a lot of other interests and I question very much if we could afford to take the lead in keeping meat prices down when many of our competitors— particularly the larger ones—have varied interests from which they can draw their profits.

Mr. DYDE: I realize that is a difficulty, and let us take it one step further. Let us assume there was no Combines Act in existence—we have to make a rather

big assumption there—but would it be possible for the leading packing houses to agree, under these circumstances, on a lower price in order to keep the price levelled off?

Mr. MUNN: I do not want to be frivolous, Mr. Dyde, but you have had former witnesses here. Do you think it would be possible for us to combine with those people to either lower or raise the prices?

Mr. DYDE: You are not being frivolous I am sure, but would not that be one way in which the price could be held?

Mr. MUNN: Only at the expense of another group—the producers.

The CHAIRMAN: What does that answer mean? Does that mean you could not lower the price unless you lowered the price paid to the producer?

Mr. MUNN: I would say that we could perhaps lower the price temporarily, but I do not think that even the largest packer in Canada is capable of subsidizing the consumer.

Mr. DYDE: No, but I refer back to November of 1947 and in that month there is not much question of the packers generally subsidizing the consumer. The figures in November—and I am speaking generally—show that the packers did pretty well on their total operations and on their meat operations, so it would not be a case of subsidizing anyone at that stage. It would be a case of refraining from making quite such a return for yourself.

Mr. MUNN: I would not concede that we did make large profits in November. We might have done so as far as dollars are concerned, but we did not do so on the basis of 100 pounds.

Mr. DYDE: On a per pound basis we found in both Canada Packers and Swift's that there was an improvement in the situation over their usual average in the months of November and December. Do you say there was no improvement in Burns & Company Limited?

Mr. MUNN: No, I would not say there was no improvement but if you refer to pork in that particular period our gross was 3·21 as compared with 3·10 for the average of the whole of 1947, during most of which time we operated under ceilings.

Mr. DYDE: Yes. We have the figures of per pound profit and loss on schedule 4 (c). We pencilled them in and my figures here show 2·98 for the 11th period, 1·20 for the 12th period, and ·32 loss in the 13th period. Am I looking at the right figures?

Mr. MUNN: That is correct.

Mr. DYDE: Yes, and that is partly what prompted my question. I quite confess your figures are not so outstanding as the figures of the two other packing companies which appeared before us, but nevertheless your position at that time was certainly above the normal average when you reduce it to a figure of cents per pound.

Mr. MUNN: I must return, in the case of periods 11 and 12, to the fact that we made an inventory profit on hides taken off in earlier periods. The money was not made on beef traded in those periods.

Mr. DYDE: Right.

Mr. MUNN: For example in period 11 we made a profit of $89,000 when the hide ceilings were removed; in period 12 we made $35,000 and in consequence our profit per hundred pounds in that period was 72 cents.

Mr. DYDE: Yes, I can understand that, but one of the reasons you put back your by-products into the account was to show us, from the point of view of the consumer and the producer, what you were getting out of the whole animal and when you look at the whole animal you have a favourable situation in those two periods. Really what I am saying to you is, accepting those figures exactly,

why would it not have been possible in the face of that very favourable hide situation to give the consumer the benefit—with the idea in mind that you could have held the price thereby?

Mr. MUNN: It would have been possible, but I do not think it would have been very businesslike to give away any inventory profit received when we have to accept inventory losses at a later date. In the case of hides we have had those losses.

Mr. DYDE: My argument is that you would not have the losses later if you could level prices?

Mr. MUNN: I quite agree there, but I doubt very much if it is possible to level prices in the meat packing industry as long as we have such large fluctuations in the live stock market from time to time.

Mr. DYDE: If the rates for live stock could be levelled do you think that would help?

Mr. MUNN: I think it would help materially.

Mr. DYDE: From your experience would you say it is possible to keep the floor of live stock at a level?

Mr. MUNN: It is possible, but nevertheless it would be very difficult. As far as hogs are concerned, for example, it undoubtedly costs more for a producer to raise hogs in the wintertime and market them in the summer and he therefore is entitled to a larger return. We depend for our spring cattle upon those who feed cattle in the winter and I think the producer there is entitled to some return on that feeding cost. You see we would still have a fluctuating market.

Mr. DYDE: We are extremely interested in what is happening today and unfortunately this committee has no figures before it which are up to date. I am going to mention what we know but actually our information is limited as far as today's situation is concerned. We know that as far as barley meal is concerned at one time—at the end of October—it went to $71 per ton. We know that it has come down since then to a position where, on the 17th of April—and I am quoting from the Live Stock Review of the most recent date—barley meal is down to $63.60; chopped oats were once $73.50 and the most recent quotation in the Live Stock Review is $66.50. We also know you had at the early part of this year large inventories; we believe the price of barley is now lower on a per bushel quotation basis; we know that over a period the price which the producer receives for cattle and hogs has increased. (I cannot give an exact figure with respect to this latter item because I have not got the latest quotations.) Can you help us to determine what is happening today which is driving prices up? I am telling you also that I have had conversations within the last two or three days with certain retail merchants and those retail merchants tell me—for what it is worth—that meat is being delivered to them at a price where, if they put a normal businesslike margin upon it, they cannot sell it to the public; they are having to reduce their normal margin in order to make a reasonable price to the consumer. Can you explain that situation to us?

Mr. MUNN: Can I explain the reason for the increase on pork and beef?

Mr. DYDE: Yes.

Mr. MUNN: In the case of pork I think it has been shown quite clearly, as far as our company is concerned, that we have not yet received a return for our immediate purposes to the extent that the price was raised at the beginning of the year. I suggest the packers are gradually getting their prices up to that level. That is the reason pork has advanced at the present time. I am not fully aware of the price at the moment, but, as far as beef is concerned undoubtedly weather conditions and road conditions in the west are affecting

deliveries. There is always a shortage of cattle at this time of the year, but it is something of a temporary nature and I imagine in another eight or ten weeks cattle will come on the market in greater quantities and the price will go down.

The CHAIRMAN: That does not answer the question.

Mr. DYDE: No, it does not.

The CHAIRMAN: It does not come near to answering the question.

Mr. DYDE: You yesterday said, Mr. Munn, that a very great factor in the price was the market and I am saying to you as far as that factor is concerned it appears to me that the market is receding, and if the market is a factor—the price at which you sell to the retailer—then why is that factor not coming into play today, and why are we throwing it all back on your cost?

Mr. MUNN: I think if it is not a factor at the moment it will be very shortly.

Mr. DYDE: On the other hand prices start going up and I would like you to make it as clear as you can. When prices started to go up a couple of weeks ago the factors were then the cost to you, worked out on the system you told us about yesterday, plus the market. Now the cost to you may have increased somewhat as far as live steers and hogs are concerned. I do not know the figures but are you going to tell me you have to throw it all back on your cost of the animals? Is that the total reason for the present increase in prices?

Mr. MUNN: I am sorry I am not making this clear, Mr. Dyde. I think I said yesterday that cost was a factor but the most important factor was the market. I think it is natural for the packer to try and get his money back but, when he meets with sufficient resistance, then he cannot get it back. In other words the market—or what people are willing to pay—has its effect and then the packer is faced with either taking losses or buying livestock for less money.

Mr. DYDE: The retailer today is in this position, I think. He is having to pay to the packer a higher price and he is having, he tells me, to take a lower price than that upon which he can run his business, because there is developing a certain resistance. Now can you do nothing about that situation?

Mr. MUNN: I suggest that we also are in the squeeze. After all we are between the producer and the consumer. We are merely the processor and there is a limit to the figures at which we can buy from the producer and sell to the consumer.

The CHAIRMAN: Surely you, and all those engaged in your business, could get together and say "we do not want to get back to a system of control—we may have to get back to a system of control unless something is done—and we had better exercise some business statesmanship ourselves". I put that same question to Mr. McLean. Do you not think that today, if that were done, and if you took a leading position in that respect, there would be a favourable result?

Mr. MUNN: I do not think that Burns alone, Mr. Chairman, could do anything.

The CHAIRMAN: I do not think you alone could do anything but take a lead, and that would have great consequential results. I mentioned to another witness the other day some information I had with respect to the lead taken by a relatively small company during the war engaged in another business altogether. I have talked to the president of the company—the man who built the business—and after learning about his demonstration and recital of the facts I am convinced that an individual business, a respectable company like yours, if it took the initiative, could have surprising results in keeping prices down? I suggest that as a question.

Mr. MUNN: You are suggesting that we take less profit, accept losses, or pay less to the producer?

The CHAIRMAN: I would not suggest that you accept losses. I think that would be an unreasonable thing to ask of any businessman today, but you could take some step by which you could arrest the rise of prices—the rise which is occurring at this very moment while this committee is meeting?

Mr. MUNN: I think it would require the industry to pay less to the producer.

The CHAIRMAN: You think that, but are you sure?

Mr. MUNN: I am sure of it at the present time.

Mr. DYDE: I am not sure about that Mr. Munn, and I will explain in this way. I think you are driving us back to profit and I am in effect saying to you never mind about profit for a moment.

Mr. IRVINE: Hear, hear.

Mr. DYDE: Keeping prices down may result in a loss to you today, even a loss of profit let us say, but in the long-run it will make you a better profit because you will not have to meet the peaks and valleys which will occur in the succeeding months.

Mr. KUHL: Mr. Dyde do you suggest a figure for a per pound reduction which would be required?

Mr. DYDE: I would like to suggest a figure but I do not know what figure to suggest.

The CHAIRMAN: Is not the problem we have to face now a more general one? We discovered, in the case of butter that the price went up. We said to certain witnesses from Canada Packers that when prices go down naturally, as far as profit is concerned, the company has no hesitation in considering the trend but here is a time where high profits are being made. The question was "how about giving the consumer that benefit?" Did you ever think of getting together with the other companies and trying to lower the price?

Mr. THATCHER: That would be contrary to the law.

The CHAIRMAN: To lower the price?

Mr. THATCHER: Getting together.

The CHAIRMAN: It is not contrary to the law to lower prices, no. There certainly would be nothing illegal in the situation where the packers would get together and say "now there is a situation which we must meet and let us take some leadership in setting prices".

Mr. THATCHER: It might be illegal if they agreed to pay the producer less.

The CHAIRMAN: We are not now questioning whether they would have to pay the producer less. The witness says he would have to pay the producer less but Mr. Dyde expresses doubt as to whether that would be necessary.

Mr. KUHL: If that action were possible would you care to suggest a figure?

Mr. LESAGE: We had better agree on the principle first?

The CHAIRMAN: I am just discussing the desirability of such a procedure. I think if some company took that lead it would be a great business stroke as well as a great contribution at the present time. Does such a thought ever enter into your calculations, or the calculations of the trade?

Mr. MUNN: No, I would not say, Mr. Chairman, that we have ever considered that. As a matter of fact our profit is so small at the present time that if we reduced our price one cent per pound our losses would be very heavy. I should mention here that the larger packers did drop out of the market for a short time in 1945, particularly on meat. I think it was on account of the extremely high price of cattle. It had absolutely no effect on cattle prices.

Mr. MCCUBBIN: Why?

Mr. MUNN: Because of the nature of the business we are in, and the fact that there are too many people in it.

Mr. THATCHER: Then your answer to Mr. McCubbin is no, is it?

Mr. MUNN: Definitely.

Mr. THATCHER: Would you say then that is the responsibility of the government, that perhaps the government should have the courage to do this?

Mr. WINTERS: Now, the word "courage" is brought into it. It is hardly fair to ask the packers to answer a question of that kind.

Mr. THATCHER: I mean, the answers we have had more or less puts it up to the government; apparently these people are more or less helpless in this connection; and I wondered whether it is not the government which should step in again with ceilings or something like that if they want this kind of prices brought down. Should not the government have the courage to do it?

The CHAIRMAN: Let us put it another way; would you like to see ceilings back?

Mr. MUNN: I would not.

The CHAIRMAN: Would you like to see controls back?

Mr. MUNN: I would not object so much if everything was controlled.

The CHAIRMAN: Would you like to see controls on meat alone?

Mr. MUNN: No.

Mr. THATCHER: You interrupted me before I got my answer, Mr. Chairman.

The CHAIRMAN: I am sorry.

Mr. THATCHER: The point is that the packers might not like to see controls but the consumer might.

Mr. WINTERS: But the consumer might not want to pay for the controls.

Mr. THATCHER: I think what we were interested in was in seeing the price of meat brought down considerably. I think probably you agree that that would be the only way in which we can get the price of meat down, if we do reimpose controls. The packers admit that. There is not much indication that prices will come down otherwise.

Mr. LESAGE: What do you mean by controls, what controls? Will you control the price to the producers?

Mr. THATCHER: Yes, certainly.

Mr. LESAGE: You would put controls on the price of cattle?

Mr. THATCHER: Yes, I would put controls on the price of cattle. I would put the price of feed grains down too.

Mr. LESAGE: Just try selling that idea to the farmers in the province of Quebec, or in the west for that matter.

Mr. THATCHER: I am not interested in that at the moment.

The CHAIRMAN: All right. Now, will you give Mr. Thatcher an answer to his question?

Mr. MUNN: I am not quite sure now, Mr. Chairman, what his question was.

Mr. THATCHER: You do not see any prospect of prices coming down in the immediate future unless controls are put back?

The CHAIRMAN: He didn't say that.

Mr. THATCHER: I am asking him though.

Mr. MUNN: I think the price of beef will come down in July at the latest

Mr. THATCHER: July?

Mr. MUNN: Yes.

Mr. THATCHER: Hog prices?

Mr. Munn: Hog prices will not come down as long as we have a contract with the United Kingdom at the present high level, unless we have two prices for pork, one domestic and one export.

Mr. Thatcher: So, unless we are to have subsidies or controls the hog prices are likely to stay up?

Mr. Munn: Yes, until the United Kingdom contract expires.

Mr. McCubbin: What makes you think meat prices will come down in July?

Mr. Munn: I said the cattle price, the beef price will come down then.

Mr. McCubbin: What makes you think that?

Mr. Munn: There will be a plentiful supply of cattle then.

The Chairman: Are you finished?

Mr. Thatcher: Yes.

The Chairman: Why would you not like to see meat ceilings restored?

Mr. Munn: I do not think, Mr. Chairman, it is sound to put ceilings or controls on one commodity and not on all.

The Chairman: We have it now on some and it is helping the consumers out considerably. One of our purposes here, Mr. Munn, is to consider that part of it. We are considering the interests of the consumer, the man who has to pay a lot of money, the little person who has not got much money to pay out for food and so on. We are trying to apply ourselves very seriously to that problem. Now, if you say that prices are going to continue to be high until July; it is now the month of April—I do not think we can just stand idly by—I am not saying what we are going to do—but I just don't think we can sit idly by.

Mr. Munn: I think that is my difficulty, Mr. Chairman. You direct all my attention to the consumer when I feel that as a packer that we must also consider the producer.

The Chairman: This committee is considering the producer too. We are now asking you what contribution if any you could make in the direction of reducing prices. Did you say that you could not reduce prices without hurting the producer?

Mr. Munn: I say that we cannot reduce prices to the point where it would be even noticeable to the consumer without hurting the producer.

The Chairman: You don't want controls and you don't want ceilings—

Mr. Munn: If I said that last, I did not mean it that way. I said that we should have controls on everything or nothing.

The Chairman: You don't want controls on specific things?

Mr. Munn: No, when I say everything I mean everything.

Mr. Thatcher: What if the Marshall Plan goes through and they require beef and meat for Europe, won't that keep prices going up more than ever? Is there not a danger that even meat prices will not come down in July?

Mr. Munn: I have no knowledge of the Marshall Plan or how it will work in this country. It is possible that they would take over stocks which exist at the present time, in which case it would make no difference.

Mr. Thatcher: I do not know what the details of that plan are either, but if they started buying meat that would be a new factor of competition and prices might go up.

Mr. Munn: If there was new competition in the field for meat for export I would say that the prices would go up.

Mr. Lesage: But if the price that you got on the export market was higher than the price set by the contract it would go up?

Mr. Munn: Yes.

Mr. LESAGE: Of course, the price of beef under the British contract is lower than the domestic price.

Mr. MUNN: That is right.

Mr. LESAGE: So that even if there were a greater demand for export at the same price as under the previous contract it would not necessarily have the effect of putting prices up.

Mr. THATCHER: Oh, definitely it would.

Mr. LESAGE: No, it would not.

Mr. THATCHER: If they want a supply of meat it means it will be taken off the domestic market and there would be less for domestic consumption.

Mr. LESAGE: But they won't get it when the price is lower than the domestic price.

The CHAIRMAN: Let us argue that later. We are now in the period of interrogation. Have you any more questions, gentlemen?

Mr. LESAGE: Yes, on this question of the export market. I understand that the packing companies have not been accumulating in their freezers a lot of meat for export because they feel the price under the British contract is not sufficient to cover the cost. Is that correct?

Mr. MUNN: Are you referring to pork?

Mr. LESAGE: No, to beef. No, I am not talking about pork. I am talking about beef only.

Mr. MUNN: I can only answer for our own company.

Mr. LESAGE: Yes.

Mr. MUNN: Our stocks are published in these schedules.

Mr. LESAGE: Have you turned over a lot of meat to the Meat Board--beef?

Mr. MUNN: I should say comparatively little, that chiefly in November and December at the peak of the year.

Mr. LESAGE: But not now?

Mr. MUNN: No, not now.

Mr. THATCHER: You would be losing money if you did?

Mr. MUNN: Definitely.

Mr. THATCHER: More money than you are losing in the domestic market?

Mr. MUNN: Yes.

Mr. THATCHER: That is where a lot of beef for the Marshall Plan was supplied for some extra exports of beef at the same price as is set under the British contracts—you just would not export any beef on a profit basis?

Mr. MUNN: Today there would not be any beef for export.

Mr. THATCHER: There would not be any?

Mr. MUNN: No.

Mr. MCCUBBIN: To what do you attribute the high price of beef now?

Mr. MUNN: To a shortage, scarcity of cattle, particularly good cattle.

Mr. MCCUBBIN: Is not the run just as large as it was a year ago?

Mr. MUNN: I don't know.

The CHAIRMAN: I don't understand. Maybe I do not understand exactly the technical language, but have you not given two contradictory answers there?

Mr. MUNN: I did not intend to.

The CHAIRMAN: I know you did not intend to. I was not suggesting that; but, surely, your answers are just the opposite the one of the other, aren't they?

Mr. MCCUBBIN: You said there was a shortage of cattle?

Mr. MUNN: Yes.

Mr. McCubbin: Then I asked you if the run was as high this year as it was last year.

Mr. Munn: I don't know. I haven't the figures. But I suggest this, that there is a shortage because there are either fewer cattle coming on to the market or because there is a greater demand than supply.

Mr. McCubbin: That is what I am trying to get at, is there a heavy consumer demand for good beef?

Mr. Munn: If there were not—it would not be going up today.

Mr. McCubbin: The consumer demand makes the price go up?

Mr. Munn: Correct.

Mr. Lesage: There is something there I do not understand.

Mr. Dyde: If I may just step down for a minute I may be able to find some figures which would bring our figures up to date. I have some copies of the livestock market review in my hand—if there are some other matters you can discuss with witness for a minute or two I will see what I can find.

Mr. Irvine: And while you are at it, Mr. Dyde, could you find for us the inventories of beef in the packing plants throughout Canada at the present time That might give us an answer to the question as to why there is so little beef available to supply the domestic market.

Mr. Munn: That will be published on the 4th of May.

Mr. Irvine: I would like to ask a question or two, Mr. Chairman.

Mr. Lesage: Would you mind, Mr. Irvine, if I followed the answer which was given to Mr. McCubbin. You said it was demand which had kept prices of beef up. Is it not also a fact that it has tended to contribute to your losses?

Mr. Munn: We are losing money on beef at the present time.

Mr. Lesage: Is it not because of consumer demand which has increased the price—is it not on account of that, that there is a good consumer demand, that you are in a position to decide to increase your prices? That is correct, is it not?

Mr. Munn: Well, I will put it this way, Mr. Lesage—

Mr. Lesage: We are putting this correct; is it not the fact that there is a good consumer demand which permits you to take either a large profit or less of a loss on acount of that?

Mr. Harkness: It depends more on what he pays for cattle.

Mr. Munn: I will put it this way. I would like to answer your question directly, but I do not think I can.

Mr. Lesage: All right.

Mr. Munn: There is a good consumer demand. The packers are bidding for cattle. There is a lot of competition for cattle and that has increased the price. Back of it all is the consumer demand. If the consumer demand drops then there will be less competition for the cattle and the price will go down.

Mr. Lesage: The real cause back of it then is the bidding of the packers on the cattle market?

Mr. Munn: The primary cause is the consumer demand.

Mr. Lesage: What brings up the price of cattle other than the price the consumer is paying and the bidding by the packers on the cattle market? That is what does it, is it not?

Mr. Munn: That is correct. But if the packers find soon that they cannot sell that bef at these prices then competition will be less keen for these cattle.

Mr. Lesage: I agree.

Mr. Munn: And prices will drop.

Mr. McCubbin: This is a good thing for the producers, isn't it?

Mr. Munn: Yes, definitely.

Mr. McCubbin: I mean, the keen consumer demand and the keen competition amongst the packers?

Mr. Munn: Yes; except that I would qualify it to this extent, that if the price goes too high and people stop buying meat, that is not good for the producer over the long term.

Mr. McCubbin: As long as the consumer is receiving a good wage he will buy good meat, he will have a full dinner pail.

Mr. Munn: Yes.

Mr. Kuhl: The whole thing is simply this business of supply and demand, isn't it?

Mr. Munn: Exactly.

(Mr. Mayhew assumes the chair).

Mr. Lesage: If we did not export beef at all would it lower the supply situation to such an extent that prices would come down?

Mr. Munn: You mean, Mr. Lesage, if we stored beef for our own domestic market during the period of peak production?

Mr. Lesage: Yes.

Mr. Munn: That would help.

Mr. Lesage: It would then be at the expense of the producer?

Mr. Munn: Yes. The man who is feeding cattle during the winter, if there was a fair supply of cattle on the market would not get so much for his cattle.

Mr. Lesage: I understand that at the present time the producer is losing money.

Mr. Munn: Yes, we hear that.

Mr. Lesage: Everybody we see here seems to be losing money.

Mr. Munn: Except the packers.

Mr. Thatcher: No, the packers have been losing money.

Mr. Lesage: Lets say they are all losing money on beef.

Mr. Thatcher: They are not losing it over-all.

Mr. Lesage: But every time there is a commodity under review everyone seems to be losing money on it.

The Acting Chairman: I think, gentlemen, if you would not have so many little group meetings around the table—we might get our attention back here to the witness.

Mr. Thatcher: It is Mr. Irvine's turn now.

Mr. Lesage: What would be the remedy? What could be done? Could anything be done which might relieve the consumer?

Mr. Munn: Subsidies, the same as they have in Britain.

Mr. Lesage: Like they have in Britain?

Mr. Munn: Yes.

Mr. Lesage: Which would mean controls?

Mr. Munn: Yes.

Mr. Lesage: And complete controls?

Mr. Munn: Yes.

Mr. Winters: We would have to go back to an over-all system of subsidies and controls.

Mr. Munn: Yes, just the same as happened during the war.

Mr. Lesage: And, of course, that would lower the standard of living in Canada?

Mr. Thatcher: Oh.

Mr. Lesage: I am free to express my own opinion. If you do not approve of it that is your affair.

Mr. Thatcher: Yes.

Mr. Lesage: But you approve of it anyway.

Mr. Kuhl: Does Mr. Munn consider these controls necessary for the benefit of the consumer?

Mr. Munn: I think so.

Mr. Lesage: If you control the price to the consumer you will have to pay a subsidy to the producer. How could you subsidize the price to the consumer?

Mr. Kuhl: If the consumer at the present time is receiving family allowances controls would be a relief to them.

Mr. Lesage: I do not think that anybody would consider family allowances a benefit as a subsidy with regard to prices.

Mr. Irvine: Mr. Chairman, I suggest that this debate on the question of family allowances and subsidies might at least be postponed for some other time.

The Acting Chairman: Gentlemen, I think we had better try to get some little order into our proceedings if we can. There has been too much general discussion.

Mr. Lesage: Would there be any other way? You indicated one way, would there be any other?

Mr. Munn: I am afraid, Mr. Lesage, that I am getting out of my depth. I do not know a great deal about these things. I am used to operating under a free economy; and just exactly what controls at certain levels and at certain places would do, I am not sure. I have always had the opinion that the best thing was no control or complete control.

Mr. Lesage: I am not asking you that. As you see it that is the only possible way?

Mr. Munn: I am sorry, I didn't hear you.

Mr. Lesage: There would be no other way apart from that? You just can't yourselves as packers or retailers take a lower margin?

Mr. Munn: We could not exist very long.

Mr. Lesage: Not at the present time?

Mr. Munn: We could put it up out of our surplus for a certain length of time then we would go out of business.

Mr. Lesage: And even a reduction of 1 cent a pound at the present time would be a considerable loss to you?

Mr. Munn: The record shows that, Mr. Lesage.

Mr. Pinard: In beef; you mean, not in pork?

Mr. Munn: Yes, in pork too. We have our figures for the second period here.

Mr. Pinard: It would not be compensated for by your other products such as by-products and so on?

Mr. Munn: We have all the by-products back into the beef and pork figures in our statement.

Mr. Dyde: Mr. Munn, I am now able to put on the record some figures which should really be added to exhibit 97. We have before us exhibit 97, which shows the inspected slaughterings of livestock for all Canada, and I am able to add to those figures the figures for the additional six weeks, in cattle. If you will look at exhibit 97—have you got that in front of you?

Mr. Munn: Yes.

Mr. Dyde: If you will look at exhibit 97, I think there are four columns on it. I have the inspected slaughterings of cattle for 1947, and also for 1946.

And then these two years become, 1948 and 1947, when you get lower down the line; and at the bottom of the page I have figures for March 13, that week; and I now carry on with these figures up to the week of April 17, giving you both 1948 and 1947 inspected slaughterings. In the week of March 20—this is under cattle—in the week of March 20, 1948, the total of inspected slaughterings, 25,478; the corresponding period of the year previous, 21,629. For the week of March 27, 1948, the figure is 20,682; in 1947, the figure is 20,156. For the week ending April 3, 1948, the figure is 21,889; and for the corresponding period a year ago the figure is 16,424. For the week ending April 10, 1948, the figure is 22,601, and for the corresponding week a year ago 21,075. For the week ending April 17, 1948, the figure is 24,381, and for the period a year ago 22,289.

Mr. PINARD: That shows they are at least as plentiful as last year?

Mr. LESAGE: Much more.

Mr. DYDE: Yes. And I draw from that, Mr. Munn, the conclusion that the supply of cattle was ahead of a year ago?

Mr. MUNN: Yes, that is correct, Mr. Dyde.

Mr. DYDE: So that we would not be correct in looking at that and saying to ourselves, would we, that the present increase is caused by any shortage of cattle coming on to the market?

Mr. MUNN: No. You would have to conclude it was consumer demand that was causing that increase.

Mr. DYDE: Would we be right in saying that the cause of today's increase is consumer demand?

Mr. MUNN: Yes, I would think so; but I would say further that if these prices get too high the consumer demand will abate and the price will go down.

Mr. DYDE: And that consumer demand would perhaps not only abate but would turn into resistance?

Mr. MUNN: That is right, but that depends on the price of other meats to some extent.

Mr. DYDE: Yes.

Mr. MUNN: Pork is rising too; then I would think the purchaser would object to paying these prices on the top qualities.

Mr. IRVINE: Would you not say that resistance in a case of this kind must be a very limited affair?

Mr. MUNN: I, personally, do not think there is very much resistance at the present time.

Mr. IRVINE: I mean, people could not stop eating permanently.

Mr. MUNN: There are some people who never eat meat.

Mr. IRVINE: Oh, yes; but I am talking about those who do. I do not think there is a possibility of any remedy by way of reducing prices coming from people stopping eating, because as soon as people start buying again prices will go up to where they were.

Mr. MUNN: Yes.

Mr. IRVINE: They cannot stop permanently. Did I interrupt you?

Mr. DYDE: I was going to go on another section, in fact.

Mr. IRVINE: May I ask a few questions now on the same general line? I think Mr. Munn said yesterday that they were losing money on hogs at the present time and at the present prices; or, at least, that you had not received the benefits of the increase in price which took place after the British market had been established?

Mr. MUNN: Not the full volume.

Mr. IRVINE: Not the full volume?

Mr. MUNN: That is correct.

Mr. IRVINE: But I think he went on to say that the producer had got the benefit of the increase.

Mr. MUNN: Yes. I think I should go over that, Mr. Irvine, in this way; that if the hog producer had to pay more for his grain he would not have got the full benefit.

Mr. IRVINE: Would it not be fair to say in that connection that it would not not matter really? From the strictly business point of view, as a packer, what do you think? Whether he was feeding his own grain or grain that he bought; because his inventory would have increased if he had his own grain so he could sell that grain instead of feeding cattle for a higher price.

Mr. MUNN: As I say—

Mr. IRVINE: Therefore, it would not be wise from the business point of view—the deficiency between the grain he fed, his own grain, and the grain he bought.

Mr. MUNN: Well, I would say this, that I do a little feeding myself.

Mr. IRVINE: We all do.

Mr. MUNN: The man who grew grain last summer would have sold it, if he had sold it early, under that ceiling. He was certain to reap the full benefit of feeding hogs. But if a man had not held his grain and had sold it under the ceiling price; and if he had to buy grain at the market in November and was feeding that grain to his hogs at the present time I do not think he would get as much out of it.

Mr. IRVINE: That is what actually happened in many cases at any rate.

Mr. MUNN: Yes.

Mr. IRVINE: So that you would say the removal of subsidies and the increase in the price of feed has something to do with raising the farmers' price on beef?

Mr. MUNN: On beef?

Mr. IRVINE: Yes, on live cattle.

Mr. MUNN: It would have something to do with it if the farmer had to buy feed and pay the high price; it would certainly have an effect on the cost of any livestock he fed.

Mr. IRVINE: You would also admit, I presume, that the farmer would—just as you are—be subject to the rise in costs which enter into production?

Mr. MUNN: Exactly.

Mr. IRVINE: So that perhaps if all the truth were known it was in no better position than you say you were in respect to the increased price of hogs?

Mr. MUNN: That is quite possible.

Mr. IRVINE: That is quite possible; so it is a matter pretty much of button, button, who's got the button; and you hope to find it and you find that some other fellows have it, and we are still trying to find out why we are chasing it. That is pretty much the situation. In other words would you say that we are now inquiring into a question which involves the entire economic system of the nation and we cannot isolate one particular industry whether it be the packing industry or any other industry?

Mr. MUNN: I quite agree with that, yes.

Mr. IRVINE: The whole thing must be taken into consideration—the full picture—if you are to find a solution?

Mr. MUNN: I would think so, yes.

Mr. IRVINE: I have another question or two. Have you the figures as to how many cattle and hogs were killed in your plants last year? I am not talking of pounds of meat but I am talking about the numbers.

Mr. MUNN: In 1947, Mr. Irvine?

Mr. IRVINE: Yes.

Mr. MUNN: The number of hogs killed was 655,731; the number of cattle was 174,178. That was the entire kill for the seven plants, yes.

Mr. IRVINE: How many could you have killed?

Mr. MUNNS. Very many more than that, Mr. Irvine.

Mr. IRVINE: Would you hazard a guess as to how many more you could have killed?

Mr. MUNN: Would it help if I gave you the largest slaughterings we have had?

Mr. IRVINE: That might help.

Mr. MUNN: 1,945,289 hogs in 1944, and 295,619 cattle in 1945.

Mr. IRVINE: Well that means that you, as a matter of fact, would be able to kill about three times the number of hogs and twice the number of cattle that you have shown as being killed during this past year?

Mr. MUNN: Those figures represent just about our limit.

Mr. IRVINE: When you were in this peak year of your kill did you work two or three shifts?

Mr. MUNN: We worked two shifts.

Mr. IRVINE: Is it practical in your industry to work three shifts?

Mr. MUNN: Not three shifts, but I would say it is practical to work two shifts.

Mr. IRVINE: You have worked two shifts?

Mr. MUNN: Yes.

Mr. IRVINE: But you could do very much more. Could you increase that figure still further by slight improvements in your plant equipment or would it take much more capital to increase the kill?

Mr. MUNN: Those big slaughterings which I gave you, Mr. Irvine, if distributed over the entire year, could be handled quite comfortably.

Mr. IRVINE: Yes?

Mr. MUNN: But unfortunately the very heavy slaughterings come in the last few months of the year and we cannot handle many more that we did in 1944 and 1945 unless we have a considerable additional capital investment.

Mr. IRVINE: Would you say then that in plants like yours, with a certain capital investment which you have to protect, this working at half capacity is not an economic proposition?

Mr. MUNN: I quite agree.

Mr. IRVINE: And that situation is probably part of the trouble because other plants are likely in the same position?

Mr. MUNN: Yes. We increased our facilities to take care of the large number of hogs slaughtered during the war and we provided an investment which we are not now fully utilizing.

Mr. DYDE: There are one or two matters which I would like to clear up, Mr. Munn. The reason for asking this question may not be apparent to you but I will tell you exactly why I am asking it. After we complete hearing the packing companies we will hear from the retail people and I would like you to tell the committee whether you sell your meat to independent retailers and chain stores or to both? Do you sell to both types of outlet?

Mr. MUNN: Oh, yes.

Mr. DYDE: And would you tell the committee whether the larger purchasers, whether they are chain stores or independents, get a more favourable price from you than do the smaller purchasers?

Mr. MUNN: I would like Mr. Dawson to answer that as he has been in closer touch with that part of the business.

Mr. DYDE: Did you hear the question, Mr. Dawson?

Mr. DAWSON: Yes. I would say, as far as beef is concerned, that chain stores pay the same price as the price paid by the independent retailer. As a matter of fact the chain stores might have to pay more in some cases because they come in asking for a large block of cattle with certain weight characteristics and so on. In the case of other buyers it is a matter of trading. If we want to move our volume we may have to give a special discount, but we have no fixed discount to the chain stores.

Mr. DYDE: You have no fixed discount but if anyone gets the benefit of a slightly lower price it would be the larger consumer?

Mr. DAWSON: Yes, that is right, whether the purchaser is a chain or an independent.

Mr. DYDE: From your knowledge can you tell us whether the chains or the independents are the larger customers?

Mr. DAWSON: The chains buy the larger quantities but there is the odd independent super-market that has a very substantial operation.

Mr. DYDE: Have you any of those large super-markets in Calgary and Edmonton?

Mr. MCFARLAND: There are none in Calgary and Edmonton which are of the size of some of the stores here.

Mr. DYDE: In Alberta the chain store is the large customer?

Mr. MCFARLAND: Yes, the chain stores and the department stores.

Mr. DYDE: There is one matter which we have not cleared up with respect to the evidence regarding inventories. Would you mind turning to schedule 5 and if this is not your question, Mr. Munn, you may refer it to one of your officers. I want to make sure that we know from the figures how this problem is worked. I am going to remind you that yesterday, when Mr. Thatcher was asking questions, we came to an answer of yours where you said, "the bacon board never allows any appreciation on stocks on hand. The export stocks we had on hand in December, 1947, went forward to the meat board at the old price." Now, with respect to both beef and pork, I would refer to the schedule and I would like you to tell us the situation in pounds on December 31, with reference to the meat board? We have that date set out here and you have divided the information into "frozen beef", "other beef" and "total beef". Of that whole quantity at December 31, 1947, can you say how much is actually held for the meat board?

Mr. MUNN: I am sorry, Mr. Dyde, I cannot.

Mr. MCFARLAND: Those figures are not segregated.

Mr. MUNN: Would there be any ear-marked for the meat board at that time?

Mr. MCFARLAND: There would be some.

Mr. DYDE: Would there be any difference if there were, as far as inventory appreciation is concerned?

Mr. MUNN: We would not obtain any inventory appreciation.

Mr. DYDE: Why would you not?

Mr. MUNN: Because we have to report at a given date what we have set aside for the meat board. A price is put on that quantity and the price is not changed.

Mr. DYDE: The meat board would have a return of the amount of beef held for them at December 31, 1947?

Mr. MUNN: I would think so, yes.

Mr. DYDE: Do you know whether you make the return at the last day of the month?

Mr. MUNN: I am not very sure.

Mr. McFARLAND: I do not think our report to the meat board segregates the meat board stocks; it is the total beef holding.

Mr. DAWSON: I think we report to the meat board each week showing what has been put into the freezer for them during that particular week.

Mr. DYDE: So that probably there is a record at the meat board of the situation as far as beef is concerned as at December 31?

Mr. DAWSON: I think so.

Mr. DYDE: Now, with regard to pork, you show "frozen pork" and "other pork", and "total pork". Have you figures at the minute to tell us what there was held for the meat board?

Mr. MUNN: Fortunately, we have. The figure for frozen pork for export is 170,976; export pork under cure—1,258,564 pounds.

Mr. DYDE: Now are we right in saying that on that amount you got no inventory appreciation?

Mr. MUNN: That is correct.

Mr. DYDE: And so if we total those two figures—I do not propose to do it at the moment—but if we total those two figures and substract from 8,876,124 we would find the number of pounds on which you did get some inventory appreciation?

Mr. MUNN: Correct—about 7,246,000 pounds.

Mr. PINARD: That was sold at the new price?

Mr. MUNN: No, Mr. Pinard, it was not.

Mr. PINARD: Not all of it?

Mr. MUNN: No. We still have a lot of it. There was so much of this consumer resistance that I have been speaking about that we were unable to advance our price on the basis of our replacement costs.

Mr. PINARD: What was the proportion that was exported?

Mr. MUNN: None of that pork would be exportable.

Mr. DYDE: Then going back to the beef figures and to schedule 5, the most recent figure that we have on your schedule is that for February 25, 1948, at the right hand column. That means you have on hand or had on hand on February 25, 1948, 5,360,141 pounds of beef?

Mr. MUNN: That is correct.

Mr. DYDE: Which compares with a figure of the previous year of 3,444,412?

Mr. MUNN: That is correct, yes.

Mr. DYDE: So that your inventory position at the end of February of this year shows that you have more beef on hand than you had the previous year?

Mr. MUNN: That is correct.

Mr. DYDE: And I am really asking that question arising out of discussion on present day prices, because I do not suppose you can tell me how your inventories carried on following February 25?

Mr. MUNN: No, I am afraid I cannot but I can give you the trend, which would be downward.

Mr. DYDE: Would it be materially downward?

Mr. MUNN: No, that quantity would be reduced, and I think it will be cleaned up by about next August.

Mr. DYDE: Then by next August cattle will start coming on the market again?

Mr. MUNN: Yes, and there will be a plentiful supply. I think perhaps you should separate "frozen beef" from "other beef". "Other beef" is just what we have in the coolers and it is never frozen, whereas "frozen beef" represents our storage stock.

Mr. DYDE: Mr. Chairman, I have completed my questions with respect to these witnesses.

The ACTING CHAIRMAN: Are there any questions which the other members of the committee wish to ask?

Mr. KUHL: There is just one question, apropos of the discussion which took place a little while ago. The witness has been asked whether he has any suggestion to make as to what action could be taken to assist the consumer, and he has answered that he knows of no action. I would like to ask, just as a matter of securing his opinion, whether he does not think that if family allowances were doubled, or trebled, that would not assist materially in putting the consumer in a better position to purchase the product of Mr. Munn's company, as well as other products?

Mr. PINARD: Monthly dividends, perhaps.

Mr. MUNN: I think that is a little out of my department, Mr. Kuhl. If families had more money to spend it would certainly help them.

Mr. WINTERS: In the long-run would it put the price up or down?

Mr. MUNN: If you gave them too much it would tend to put the price up.

Mr. KUHL: Thus far there has been no suggestion on the part of any packer as to what could be done. They cannot reduce their prices without going out of business or without lowering the price to the consumer—

Mr. MUNN: To the producer.

Mr. KUHL: To the producer, yes. Therefore the remedy seems to be one of government policy rather than being something by way of an adjustment of prices by business. That is again a matter of government policy.

Mr. PINARD: What you are doing is asking him whether he favours the Social Credit policy?

Mr. KUHL: I do not think that is the question at all. I have not used any terminology employed by the Social Credit Party.

Mr. IRVINE: I think the question is fair.

Mr. MUNN: Well, remember that I come from Alberta.

The ACTING CHAIRMAN: I do not think the witness is really here to give his opinions. He is here to give us facts and I think that is what he should do.

Mr. KUHL: I quite realize that, but before you took the chair Mr. Martin asked similar questions, and I think Mr. Dyde asked questions along that line too.

The ACTING CHAIRMAN: Is it a good thing to have another mistake. If there are no other questions on behalf of the committee I would like to thank you, Mr. Munn and your officers, for the way you have answered the questions. I am sure it must have caused your company considerable trouble to prepare all this information.

Mr. MUNN: I think it has been a very good thing for us to dig into these matters.

Mr. DYDE: The next witnesses are the representatives of Wilsil Limited.

H. MacEwan, Vice-President, Wilsil Limited, called and sworn:

G. E. Hoult, of P.S. Ross & Sons, Auditors of the Company, called and sworn:

G. M. Smith, of P.S. Ross & Sons, Auditors of the Company, called and sworn:

Mr. DYDE: Mr. Chairman, I have some information for the committee and also a document which I think perhaps I should explain now. Mr. George Wright is the senior executive officer of Wilsil Limited. Mr. Wright was here in Ottawa for several days during the course of preparing material which the company was to furnish us. Mr. Wright was here nearly every day last week, I believe. I regret to have to say that he was admitted to hospital in Montreal with a severe heart condition and it will be quite impossible for him to be here. This is unfortunate from two points of view. It is unfortunate in that Mr. Wright has this serious illness and it is also unfortunate because this is a smaller company than the others which have been here, and it is largely Mr. Wright's business. He knows about it in a way that no other officer knows. We have with us today Mr. Hoult who is not an officer of Wilsil's but who is a chartered acountant and he is the auditor for the company. We also have Mr. MacEwan who is the Vice-President in charge of beef, veal, and lamb. Quite frankly it will be difficult for these gentlemen to give the evidence which Mr. Wright could have given had he been here. I am producing a letter which has been received from Dr. Gowdey which has reference to Mr. Wright's condition.

The ACTING CHAIRMAN: I think we had better put it in the record here.

April 26, 1948.

To whom it may concern:

This is to certify that Mr. G. A. Wright was admitted to the Royal Victoria Hospital, under my care, today, with an attack of Coronary thrombosis. The attack is sufficiently severe to necessitate his being given continuous oxygen.

As far as attention to any business is concerned, he will be totally incapacitated for at least two or three months.

(Sgd) W. C. GOWDEY, M.D.

Mr. DYDE: The officers of the company were requested to produce certain material for the use and examination of the committee. Mr. MacEwan, you have produced information dated April, 1948, and contained in a folder which has been distributed to the members of the committee. That is correct is it not?

Mr. MACEWAN: Yes.

Mr. DYDE: And you have also produced at my request copies of the annual report of Wilsil Limited for 1947 and for 1946?

Mr. MACEWAN: Yes sir.

Mr. DYDE: In connection with the material which has been placed before the committee you have given us information which I think is different in the case of your company to what it was in the case of the other companies which we have had before us. Before we start to look at the document would you tell us the dates between which your plant was under strike?

Mr. MACEWAN: September 10 to November 3.

Mr. DYDE: The reason I ask the question is to point out that the period is longer than in the case of the other companies.

Mr. MACEWAN: Yes, I think by about two weeks.

Mr. Dyde: Now may we look at the document and I notice that you have it indexed and that the schedule numbers are set out there. For the benefit of the committee I may say that the schedules are in answer to exactly the same questions that produced the schedules from the other companies. I turn to schedule 1 and I find there that you have set out the name of the company and its address, the date of its incorporation, and I see that you are incorporated under the Quebec Companies Act. You have set out the names and addresses of all the officers of the company and you, Mr. MacEwan, are the vice-president who is named there as vice-president.

Mr. MacEwan: That is right.

Mr. Dyde: You have set out the names and addresses of all the directors of the company and you have given a short history of the company?

Mr. MacEwan: Yes.

Mr. Dyde: This document, Mr. Chairman, will be taken as read at this place and put into the vidence in the same manner as we have put in previous documents.

The Acting Chairman: Is it agreed that the document shall be printed here?

Agreed.

INDEX

SCHEDULE 1

WILSIL LIMITED

GENERAL INFORMATION

Name of the Company: Wilsil Limited.

Address of Head Office: 1239 Mill street, Montreal, Que.

Date of incorporation of present company and law under which incorporated: March 27, 1929—Quebec Companies' Act.

Names and addresses of all officers of the Company:

F. K. Morrow, Chairman of the Board, 67 Yonge St., Toronto, Ont.
Geo. A. Wright, President, 16 Cambrai St., Outremont, Que.
H. MacEwan, Vice-President, 773 Davaar Ave., Outremont, Que.
J. R. Lavigueur, Secretary-Treasurer, 213 1st Ave., Verdun, Que.

Names and addresses of all Directors of the Company:

A. R. Duckett, 1225 Bernard Ave. West, Outremont, Que.
H. Gillham, 3850 Draper St., Montreal, Que.
R. W. Jameson, Antrim, N.H., U.S.A.
H. MacEwan, 773 Davaar Ave., Outremont, Que.
A. D. S. McCrae, 483 Victoria Ave., Westmount, Que.
G. A. Morris, 64 Summit Crescent, Montreal, Que.
F. K. Morrow, 67 Yonge St., Toronto, Ont.
J. P. St. Laurent, 65 St. Ann St., Quebec, Que.
Geo. A. Wright, 16 Cambrai St., Outremont, Que.

Short History of the Company

Wilsil Limited was incorporated on March 27, 1929 under the laws of the Province of Quebec (Quebec Companies' Act) for the purpose of taking over the business of a predecessor company. The outstanding capital stock of the Company consists of 135,700 common shares without nominal or par value out of an authorized capital of 200,000 common shares without nominal or par value. The Company has no funded or long term debt outstanding.

Wilsil Limited produces a full line of packing house products including beef, veal, lamb and pork products. Other lines handled include butter, eggs, cheese, pure lard, shortening and canned goods. Domestic sales of the Company's products centre around the metropolitan area of Montreal and extend throughout the Province of Quebec, Eastern Ontario and the Maritime Provinces. Export sales are made principally to Great Britain, Newfoundland and the West Indies. In 1941 the Company established a branch in Newfoundland and has storage facilities there.

The Company's only plant, which is situated on Mill street, Montreal, has complete facilities for the conduct of a packing house business. It is contiguous to the Canadian National freight terminal and the Montreal Stock Yards.

Names and addresses of subsidiary companies

Wilsil Limited has one subsidiary company, City Renderers Limited, engaged in the rendering business. Its plant is adjacent to Wilsil's plant on Mill street, Montreal.

City Renderers Limited produces inedible tallow, neat's-foot oil, cracklings and animal feeding protein materials. Sales of the Company's products centre around the metropolitan area of Montreal and extend principally throughout the provinces of Quebec and Ontario.

Date of end of fiscal year of the Company

December 31. The fiscal operations of the Company are divided into thirteen four week periods.

SCHEDULE 2

WILSIL LIMITED

SALES OF MEAT—LBS. AND $

(By months from March 1947 to February 1948)

Four week period ended	Beef		Pork		Veal	
	Lbs.	$	Lbs.	$	Lbs.	$
1947						
March 22	961,270	224,791	1,116,974	310,262	89,015	20,750
April 19	922,383	214,961	1,044,777	309,258	258,010	63,012
May 17	910,318	213,885	1,423,454	363,479	257,973	62,711
June 14	975,785	227,765	1,528,445	407,345	260,113	63,445
July 12	826,636	180,482	979,566	247,334	142,842	33,876
August 9	1,272,901	262,502	973,530	261,780	132,672	31,399
September 6	1,461,920	316,428	1,408,797	423,150	140,103	34,012
October 4	225,301	45,100	197,695	65,948	20,661	4,614
November 1	183,336	40,196	1,118,700	284,576	66,073	16,854
November 29	1,570,360	343,883	1,551,370	446,647	231,936	63,790
December 27	1,523,767	343,006	2,231,262	651,624	204,321	54,652
1948						
January 24	1,533,397	374,464	1,328,950	408,344	213,233	58,019
February 21	1,406,803	346,361	1,819,486	600,156	198,331	57,938
Total	13,774,177	3,133,824	16,723,006	4,779,903	2,215,283	565,072

OTHER MEAT PRODUCTS

Four week period ended	Lamb		(Sausages and Cooked meats)		Total meat sales	
	Lbs.	$	Lbs.	$	Lbs.	$
1947						
March 22	69,742	18,085	778,620	177,030	3,015,621	750,918
April 19	50,547	14,588	564,311	131,739	2,840,028	733,558
May 17	30,761	7,677	545,582	139,926	3,168,088	787,678
June 14	50,271	11,589	366,598	101,519	3,181,212	811,663
July 12	43,160	9,498	385,323	108,266	2,377,527	579,456
August 9	52,572	13,431	493,496	131,180	2,925,171	700,292
September 6	134,302	37,521	938,033	231,903	4,083,155	1,043,014
October 4	52,851	11,702	125,026	30,940	621,534	158,304
November 1	24,827	7,075	63,611	30,913	1,456,547	379,614
November 29	173,168	47,034	1,413,692	323,616	4,940,526	1,224,970
December 27	205,485	49,842	930,421	217,602	5,095,256	1,316,726
1948						
January 24	118,724	31,213	214,054	65,150	3,408,358	937,190
February 21	95,810	29,883	523,799	140,217	4,044,229	1,174,555
Total	1,102,220	289,138	7,342,566	1,830,001	41,157,252	10,597,938

SCHEDULE 3

WILSIL LIMITED

(Consolidated for the Company and its Subsidiary)

SALES OF MEAT, TOTAL SALES, PROFIT FROM OPERATIONS, NET PROFIT YEARS 1936 TO 1947

Year	Fiscal period 52 weeks ended	Sales				Profit from operations before deducting depreciation, inventory reserves and taxes on income		Net profit after depreciation, taxes on income and inventory reserves
		Sales of meat		Total sales of meat departments (including sales of produce, refinery and canned goods)	Total sales (including departments other than meat)	Meat departments (including produce, refinery and canned goods)	All departments	
		lbs.	$	$	$	$	$	$
1936	*January 2/37	42,433,069	5,632,979	6,727,919	7,670,167	139,979	343,433	220,186
1937	December 31	42,965,774	6,239,431	7,266,348	8,241,438	157,390	331,371	229,465
1938	December 31	38,173,526	5,712,161	6,669,050	7,524,255	167,323	317,591	232,189
1939	December 30	44,482,552	6,673,337	7,700,166	8,616,702	231,368	402,367	299,836
1940	December 28	49,816,956	7,735,496	8,888,889	9,826,843	254,797	407,559	202,546
1941	December 27	51,986,268	8,781,910	10,280,220	11,537,499	215,347	472,485	192,504
1942	*January 2/43	48,558,139	9,278,723	11,231,294	12,962,935	182,151	414,351	182,379
1943	January 1/44	46,458,026	9,623,007	11,548,762	13,754,187	276,037	417,417	184,684
1944	December 30	55,010,906	11,916,395	14,080,663	16,246,486	331,883	470,170	207,842
1945	December 29	49,509,212	10,507,497	12,497,078	14,797,113	332,546	583,290	231,995
1946	December 28	51,506,528	11,518,058	13,100,294	15,634,411	472,663	692,398	243,986
1947	December 27	40,431,669	10,150,732	12,540,581	15,357,954	253,977	602,493	241,308

* 53 week periods.

SCHEDULE 4

WILSIL LIMITED

SALES OF MEAT—LBS AND $ AND PROFIT FROM OPERATIONS MEAT DEPARTMENTS BY MONTHS, YEARS 1946 AND 1947 AND JANUARY AND FEBRUARY 1948

Four week period ended	Sales			Profit from operations meat departments before deducting depreciation, inventory reserves and taxes on income
	Sales of meat		Total sales of meat departments including produce refinery and canned goods	
	lbs.	$	$	$
1946				
January 26	3,744,041	790,957	889,452	34,339
February 23	4,000,792	876,456	1,005,947	45,662
March 23	4,334,322	977,961	1,082,102	72,332
April 20	4,439,608	989,060	1,079,910	78,422
May 18	2,732,274	605,690	709,870	21,865
June 15	2,845,673	622,282	713,225	*4,934
July 13	3,028,888	680,853	775,462	*18,829
August 10	3,450,995	798,954	925,480	17,500
September 7	4,019,654	882,020	997,388	59,151
October 5	4,309,818	988,255	1,126,329	50,299
November 2	5,208,893	1,169,321	1,316,430	84,241
November 30	5,379,405	1,170,828	1,319,469	72,210
December 28	4,012,165	965,416	1,159,224	*39,598
Total	51,506,528	11,518,058	13,100,294	472,663
1947				
January 25	3,344,042	815,378	928,202	16,301
February 22	3,382,962	849,155	1,001,462	42,460
March 22	3,015,621	750,918	913,688	7,549
April 19	2,840,028	733,558	887,481	*23,611
May 17	3,168,088	787,678	931,288	8,527
June 14	3,181,212	811,663	1,012,845	12,620
July 12	2,377,527	579,456	717,231	9,742
August 9	2,925,171	700,292	908,380	22,144
September 6	4,083,155	1,043,014	1,264,835	70,411
October 4	621,534	158,304	214,681	*36,004
November 1	1,456,547	379,614	491,169	*46,880
November 29	4,940,526	1,224,970	1,535,594	64,389
December 27	5,095,256	1,316,726	1,733,720	106,327
Total	40,431,669	10,150,732	12,540,581	253,977
1948				
January 24	3,408,358	937,190	1,144,185	36,044
February 21	4,044,229	1,174,555	1,377,973	*32,550

* Denotes red figures.

SCHEDULE 5

WILSIL LIMITED

TOTAL INVENTORIES OF BEEF AND PORK

	At October 18, 1947 lbs.	At October 18, 1947 $	At November 2, 1946 lbs.	At November 2, 1946 $
Beef—				
(a) Frozen beef	520,200	80,614	348,622	54,260
(b) Other beef	95,520	14,484	515,551	79,212
(c) Total beef	615,720	95,098	864,173	133,472
Pork—				
(a) Freezer pork	670,725	145,149	305,880	57,966
(b) Other pork	356,863	69,380	681,458	110,763
(c) Total pork	1,027,588	214,529	987,338	168,729
(d) Pure lard	10,800	2,234	19,828	2,653

	At December 27, 1947 lbs.	At December 27, 1947 $	At December 28, 1946 lbs.	At December 28, 1946 $
Beef—				
(a) Frozen beef	1,081,023	192,817	1,290,654	236,074
(b) Other beef	509,865	94,613	520,437	80,401
(c) Total beef	1,590,888	287,430	1,811,091	316,475
Pork—				
(a) Freezer pork	1,861,576	439,685	852,882	184,458
(b) Other pork	1,088,952	240,369	597,567	105,288
(c) Total pork	2,950,528	680,054	1,450,449	289,746
(d) Pure lard	35,550	7,201	12,295	1,822

	At January 31, 1948 lbs.	At January 31, 1948 $	At February 1, 1947 lbs.	At February 1, 1947 $
Beef—				
(a) Frozen beef	1,396,198	242,836	667,705	119,659
(b) Other beef	525,064	115,101	440,076	77,106
(c) Total beef	1,921,262	357,937	1,107,781	196,765
Pork—				
(a) Freezer pork	2,325,375	583,270	866,117	174,689
(b) Other pork	1,354,193	363,975	531,075	99,739
(c) Total pork	3,679,568	947,245	1,397,192	274,428
(d) Pure lard	43,299	8,695	3,600	505

	At February 28, 1948 lbs.	At February 28, 1948 $	At March 1, 1947 lbs.	At March 1, 1947 $
Beef—				
(a) Frozen beef	1,300,347	226,198	371,796	62,893
(b) Other beef	479,586	92,168	218,591	36,569
(c) Total beef	1,779,933	318,366	590,387	99,462
Pork—				
(a) Freezer pork	2,719,044	715,335	759,242	136,134
(b) Other pork	1,306,736	355,177	410,071	80,469
(c) Total pork	4,025,780	1,070,512	1,169,313	216,603
(d) Pure lard	28,540	5,776	10,652	1,665

SCHEDULE 6

WILSIL LIMITED

WEEKLY AVERAGE PRICES ACTUALLY PAID BY THE COMPANY AT MONTREAL FOR:

Week ended		Good Steers per 100 lb. liveweight	A grade hogs per 100 lb. hot dressed basis
		$	$
1939			
September	9	6.51	11.45
	16	7.59	13.13
	23	7.48	12.94
	30	7.39	12.68
1947			
August	9	14.71	23.25
	16	14.14	23.10
	23	13.83	23.08
	30	13.85	23.13
September	6	14.16	23.62
	13	13.75	23.95
	20		
	27		
October	4		
	11		
	18	13.55	23.39
	25	13.70	23.33
November	1	14.08	23.23
	8	14.05	23.20
	15	13.74	23.13
	22	13.30	23.08
	29	13.13	23.19
December	6	14.28	23.05
	13	14.04	23.11
	20	14.35	23.16
	27	15.03	23.87
1948			
January	3	15.09	24.64
	10	15.07	28.73
	17	16.04	28.84
	24	16.20	28.71
	31	16.24	28.62
February	7	15.88	28.69
	14	15.72	28.73
	21	15.61	28.91
	28	15.05	29.07
March	6	15.66	29.10
	13	15.85	29.16

SCHEDULE 7

WILSIL LIMITED

TOTAL IN LBS., DRESSED WEIGHT, OF PURCHASES BY THE COMPANY

Four Week Period Ended	Beef Cattle lbs.	Hogs lbs.
1939		
September 30	1,093,584	1,697,969
1947		
September 6	1,364,045	896,158
October 4	129,156	194,047
November 1	160,563	1,245,947
November 29	1,770,013	3,090,488
December 27	1,986,280	2,377,474
1948		
January 24	1,646,659	1,734,317
February 21	1,457,070	2,684,802
March 15 (3 weeks)	907,314	1,938,383

SCHEDULE 8

WILSIL LIMITED

SALES TO MEAT BOARD FOR UNITED KINGDOM, OTHER EXPORT SALES AND DOMESTIC SALES

Total Sales in lbs.

Product	Four week period ended	Sales to meat board for United Kingdom	Other export sales	Domestic sales
Beef—				
	August 9, 1947		30,140	1,242,761
	September 6, 1947		174,992	1,286,928
	October 4, 1947			225,301
	November 1, 1947		14,130	169,206
	November 29, 1947		124,629	1,445,731
	December 27, 1947		62,093	1,461,674
	January 24, 1948		154,823	1,378,574
	February 21, 1948		52,233	1,354,570
Pork—				
	August 9, 1947	45,695	349,829	578,006
	September 6, 1947	189,147	302,868	916,782
	October 4, 1947		40,600	157,095
	November 1, 1947	83,964	617,937	416,799
	November 29, 1947		471,192	1,080,178
	December 27, 1947	897,827	434,170	899,265
	January 24, 1948	347,336	387,857	592,757
	February 21, 1948	797,465	249,790	773,231

SCHEDULE 9

WILSIL LIMITED

COSTING METHOD AS EMPLOYED BY COMPANY FOR A. BEEF, B. PORK

Cattle (steers, cows, heifers and bulls) are purchased on a liveweight basis and generally each purchase comprises a number of head. Normally each purchase is known as a "lot" and is given a "lot number". Each lot is processed (slaughtered, dressed, etc.) separately and as a general rule the cost of each lot is determined.

Hogs are purchased on a dressed hot weight basis. Weights and grades are determined by government graders.

Costing Method Employed for Beef:

The following is an outline of the costing method employed for beef:—

Cost of livestock	$	$ ....
Direct wages:		
Wages of abattoir (killing) department	....	
Other expenses (abattoir department):		
Indirect expenses (operating, selling, general and administrative) prorated on basis of weight handled	....	
Direct wages—beef department	....	
Other expenses—beef department:		
Indirect expenses (operating, selling, general and administrative) prorated on the basis of weight handled	....	
Total expenses		....
Cost of livestock and expenses		....
Less credits—based on selling price of end product		
For offal		
inedible part of the animal	....	
For fancy meats		
livers, hearts, tongues, etc.	....	
For fats	....	
Hides	....	
Total credits	....	
Cost of dressed beef (carcasses)		$ ....

The hot dressed weight is decreased by 2 per cent on conversion to cold dressed weight due to shrinkage.

There are various qualities of beef—Red brand (choice), Blue brand (good), commercial (medium) and lower grades. The average cost per pound of the various qualities is obtained by dividing the cost (as determined above) of dressed beef and applying a differential to the various qualities of beef. The differential is varied from time to time. At present the differential per pound over the commercial grade is 1½ cents for Blue and 2½ cents for Red.

The cost of the wholesale cuts (breakdown of the carcass into recognized wholesale cuts) is established by tests by applying differentials in values to the various cuts which differentials are related to current selling prices.

Costing Method Employed for Pork:

The following is an outline of the costing method employed for pork:—

Cost of hogs purchased on a hot dressed weight basis		$ ....
Direct wages:		
Wages of abattoir (killing) department	$	
Other expenses:		
Indirect expenses (operating, selling, general and administrative) prorated on the basis of weight handled	....	....

Less credits—based on selling price of end product		
For offal		
inedible parts of the animal	....	
For fancy meats		
livers, hearts, tongues, etc.	....	
For fats	....	
Total credits		
Cost of hogs in carcass form (hot dressed weight) (when hogs are sold in carcass form, per lb. cost is increased by 3 per cent reduction in weight to cover shrink from hot to cold weight)		....
Cutting:		
Direct wages of cutting	....	
Cost of supplies	....	
	....	
Less: Cutting credits for sundry items at current values (spareribs, feet, heads, trimmings, etc.)	....	....
Cost of major fresh pork cuts before curing or smoking (hams, trimmed bellies, loins, trimmed shoulders, picnic style shoulders and butts)		$ ....

The major cuts are sold at various stages of production (1) fresh cuts, (2) cured cuts, (3) smoked cuts.

The cost of the individual major fresh pork cuts is established by differentials that bear a close relationship to the differences between actual selling prices.

To establish the cost of the cured and smoked cuts the cost of direct wages and packages and supplies used in curing and smoking is added.

The indirect expenses (operating, selling, general and administrative) applicable to the pork department are prorated over the products handled on a basis of weight. This item of cost is added at the time the product has reached the form in which it is to be sold.

Mr. DYDE: I have no questions of these witnesses with regard to the history of the company.

Mr. PINARD: As a matter of curiosity, I would like to know who was the predecessor company? I see in schedule 1 that you took over the business from another company.

Mr. HOULT: It was a company of the same name, Wilsil Limited. I do not know how far you want to go back but early in the 1920's it was called Montreal Abattoirs, a company which went into liquidation.

Mr. DYDE: With reference to this schedule 1 I think there is one matter that perhaps you could explain. I see that there is a company referred to lower down on the page under "names and addresses of subsidiary companies". You state "Wilsil Limited has one subsidiary company, City Renderers Limited, engaged in the rendering business." Have the sales and profits of that company been included in the subsequent schedules?

Mr. HOULT: They have, sir.

Mr. DYDE: Then you will notice at the bottom of the page that the end of the fiscal year is December 31. On schedule 2 we find one thing which strikes me at the moment as being somewhat remarkable, and that is the relative amounts of the different meats. The beef total in pounds is 13,774,000, and the pork total is 16,723,000. In other words, in 1947 there is a bigger pork business than beef business?

Mr. MACEWAN: Yes.

Mr. DYDE: Is that the usual thing with your company?

Mr. MACEWAN: Yes.

Mr. DYDE: That is normal?

Mr. MACEWAN: Yes, sir, that is normal.

Mr. DYDE: Perhaps Mr. Hoult can answer this question? Are you able to add to these schedules figures similar to those which some of the other companies have added—the reduction to cents per pound?

Mr. HOULT: No, I have not got that worked out, but I have the average selling price per pound throughout the whole period.

Mr. DYDE: I would be glad to have that, and Mr. Hoult, would you direct us to where we might conveniently insert the figures on these schedules?

Mr. HOULT: I have put the figures between the pounds and the dollar figures for each class of meat.

Mr. DYDE: That is on schedule 2?

Mr. HOULT: Yes.

Mr. DYDE: Those figures you are going to read to us should have what heading at the top of the page?

Mr. HOULT: "Average sale price per pound".

Mr. DYDE: The average selling price per pound in cents?

Mr. HOULT: Yes. The average selling price in cents.

Mr. DYDE: Yes.

Mr. HOULT: Beef, average selling price, 23·3.

Mr. WINTERS: That is dividing total volume by the total price?

Mr. HOULT: That is correct, sir—23·3 cents. April, 23·3; May, 23·4; June, 23·3; July, 21·8; August, 20·6; September, 21·6; October, 20; November, 21·9; November 29, 21·8; December, 22·5; January, 24·4; February, 24·6; the average for the whole of the thirteen periods is 22·7.

Now, pork: March, 27·7; April, 29·6; May, 25·5; June, 26·6; July, 25·2; August, 26·8; September, 30; October, 33·3; November, 25·4; November, 28·7; December, 29·2; January, 30·7; February, 32·9; and for the whole period 28·5.

Now, there is a little explanation which I should like to make in connection with that.

Mr. DYDE: You can do that now?

Mr. HOULT: Yes. The point has just been raised, when you were referring to the average pork prices per pound. I read them and there appeared to be quite a variation or swing in September and October. I would like to explain the reason for that. I might begin my remarks by saying, this is the information I have been getting throughout my discussions wtih the company. This is a period of the strike, and while the strike was on, by arrangement they were able to dispose of certain of their perishable commodities which they had; that happened to be a lot of high priced smoked hams and picnic hams and so on; but you will see that the quantity is very, very small; which is the explanation for that wide variation in these two periods.

Mr. WINTERS: I see the quantity was quite large in September.

Mr. HOULT: I was referring there to September—well, still it carries through. The strike started on September 10. We had ten days of normal operation and for the balance of the period I understand that is what happened.

Mr. DYDE: It is not exactly a complete explanation because September in fact shows a disposition of quite a large poundage, 1,500,000 pounds.

Mr. HOULT: That is correct, sir.

Mr. DYDE: And it is for a four-week period ending September 6, is it not?

Mr. HOULT: That is correct.

Mr. DYDE: So that your strike hadn't started yet?

Mr. HOULT: That is correct. My explanation with respect to that period is not right. I will check on it and correct it.

Mr. DYDE: Your explanation may be correct for the period ending October 4, but now I would call your attention to the fact that your price is down in November and you have quite a volume again in November, still during the strike period.

Mr. HOULT: Yes.

Mr. DYDE: Would you make inquiries during the intermission and see if you can help us on that?

Mr. MACEWAN: I think the reason of that, Mr. Dyde, was this; while the strike was on we were able to ship a lot of the quantity we had in the plant in cars to outside points.

Mr. DYDE: Unless some of the members of the committee want it I do not propose to put the average prices per pound with reference to veal and lamb, but I had thought we might do it with reference to total meat sales, if you have it, Mr. Hoult.

Mr. HOULT: Yes, I have it. The figures for total meat sales—

Mr. DYDE: This is down in the lower right-hand of the table on the same schedule.

Mr. HOULT: For March, 24·9; for April, 25·8; May, 24·8; June, 25·5; July, 24·3; August, 23·9; September, 25·5; October, 25·4; November, 26; November 29, 24·7; December, 25·8; January, 27·4; February, 29·4; total, 25·7.

Mr. DYDE: Now, for the moment we may perhaps turn to schedule 3, so we can get all the figures which can be supplied to us before the intermission; and there, on schedule 3, I think you could read to us the totals of these various columns.

Mr. HOULT: The sales of meat and the total pounds?

Mr. DYDE: Don't read them too fast.

Mr. HOULT: All right, sir.

The ACTING CHAIRMAN: Which list?

Mr. DYDE: That is the total of the first column, in pounds.

Mr. HOULT: That is correct. It is 561,332,625.

Mr. DYDE: And the next column is dollars, is it not?

Mr. HOULT: That is right.

Mr. DYDE: Yes. Go ahead.

Mr. HOULT: $103,769,726.

Mr. DYDE: And that is which column?

Mr. HOULT: Dollar sales, meat department. $122,531,264.

Mr. DYDE: Next column?

Mr. HOULT: Total sales, $142,169,990.

Mr. DYDE: Next column?

Mr. HOULT: $3,015,461.

Mr. DYDE: Next column?

Mr. HOULT: $5,454,925.

Mr. DYDE: Last column?

Mr. HOULT: $2,668,920.

The ACTING CHAIRMAN: Have you any questions on that section?

Mr. DYDE: I may have some more questions on it, but I thought we might add these percentage figures while we could, now. We could add some figures on schedule 4, I think.

Mr. HOULT: Now, that is the breakdown of the last column, the profit variation in each department, and as between beef and pork. If that is of interest we can break it down.

Mr. DYDE: You are now going to give us figures down the right-hand side of the page. What should we put at the head of the column?

Mr. HOULT: Beef department and pork department, two sets of figures.

Mr. PINARD: Is that 1946 and 1947?

Mr. HOULT: 1946, and I can give you the same information for 1947. I can put my beef figures in between.

Mr. DYDE: We need a beef column which can come in between your last two columns; and then, I suppose, your beef column would come in the space to the right of the page.

Mr. HOULT: That is it.

Mr. DYDE: Now, 1946, you will read the beef and the pork; beef first and pork second?

Mr. HOULT: Right. This is 1946, January.

1946	Beef		Pork	
	Profit	Loss	Profit	Loss
Month	$	$	$	$
January	....	8,232	42,572	....
February	3,567	....	42,094	....
March	2,562	....	69,769	....
April	6,604	....	71,817	....
May	....	5,790	27,655	....
June	....	9,139	4,204	....
July	....	9,529	....	9,299
August	....	3,159	20,659	....
September	....	24,660	83,811	....
October	41,892	....	8,407	....
November	....	335	84,576	....
November 30	....	10,405	82,616	....
December	....	37,616	....	1,981
Total	....	54,241	526,905	....

1947	Beef		Pork	
	Profit	Loss	Profit	Loss
Month	$	$	$	$
January	....	12,014	28,015	....
February	....	17,058	59,518	....
March	....	51,010	58,559	....
April	....	32,613	9,001	....
May	....	34,442	42,969	....
June	....	44,415	57,035	....
July	....	34,580	44,323	....
August	....	21,019	43,163	....
September	....	2,786	73,198	....
October	....	14,321	....	21,683
November	....	11,529	....	35,351
November 30	37,318	....	27,071	....
December	8,594	....	97,732	....
Total	....	229,876	483,874	....

1948	Beef		Pork	
	Profit	Loss	Profit	Loss
Month	$	$	$	$
January	1,986	....	34,059	....
February	....	23,303	....	9,227

Mr. DYDE: And you have added two periods in 1948?

Mr. HOULT: Yes.

Mr. LESAGE: Were there no by-products on beef there?

Mr. HOULT: No.

Mr. LESAGE: No?

Mr. HOULT: No.

Mr. LESAGE: You included your by-products against the losses?

Mr. HOULT: There is one exception to that, Mr. Lesage; there was a credit given to beef for what they call the top ends, and so forth, but the other by-products of beef are not included in these beef figures. Does that make it clear to you?

Mr. LESAGE: Yes. You have the figures here?

Mr. DYDE: Have you got the figures for the by-products?

Mr. HOULT: Yes, we can produce those figures for you. We call them other beef parts, which includes hides and so on. We could produce those figures for you.

Mr. DYDE: You could put them in this afternoon?

Mr. HOULT: Yes.

Mr. LESAGE: That will be quite all right. You understand why I am asking that; to show a complete picture of what was done.

Mr. HOULT: We can submit the whole figures on that. That includes just the hides, the rendering and so forth. We will have a breakdown on that which we can lay before the committee showing how much profit we made.

Mr. PINARD: Do you have any other meat products?

Mr. HOULT: No. If you will look at schedule 4, there, Mr. Pinard, in the third column; you will notice we have it headed, total sales of meat department including produce, refinery and canned goods. I would like to explain there that the system of accounting followed at Wilsil's is that these items—produce, refinery and canned goods—are all considered as part of the pork department and have been so considered for years.

Mr. LESAGE: Those canned goods are all canned meats?

Mr. HOULT: No, that includes canned fruits and vegetables.

Mr. LESAGE: And your butter and cheese and so on?

Mr. HOULT: Yes, butter and cheese; that all goes in the produce. What we can give you there if you wish it is the sales of produce, but we haven't got any breakdown of the cost of sales; that is, it is all included as part of the pork department; and in order to break that down you would have to rewrite your books, and we just could not find any way of breaking it down, but we do give there the meat branch sales.

Mr. WINTERS: In your accounting system is the total cost of slaughtering, all the inspected slaughterings, rendering and whatever operations there are in connection with meat; are they all charged against the value of the pork or meat, or is part of it charged against the by-products?

Mr. HOULT: The slaughtering charge for beef and pork is included in the cost of beef and the cost of pork.

Mr. WINTERS: None of these items are charged against by-products at all?

Mr. HOULT: Not the killing.

The ACTING CHAIRMAN: I wonder, gentlemen, if this would not be a good place to break off. It is one o'clock. We will adjourn until 4 o'clock this afternoon.

AFTERNOON SESSION

April 29, 1948.

The meeting resumed at 4.00 p.m.

The Chairman: Gentlemen, before Mr. Dyde begins to examine the witnesses I have something to say. There is a suggestion in tonight's paper that I this morning hinted at the possibility of controls. It should be clearly understood—and I have checked the record and have discussed the matter with counsel—that nothing I said this morning could reasonably be given that interpretation. I was questioning the witness—it was Mr. Munn I think at that time—and several alternatives were put before him. I take this opportunity to let it be clearly understood that nothing I said this morning was intended to indicate any intention with regard to controls.

Mr. Thatcher: That is most regrettable, Mr. Chairman.

Mr. Irvine: It makes a good story.

The Chairman: That may be the point, but I am just saying now that no one could reasonably come to that conclusion. The whole committee heard what I said and any such further interpretation is just ridiculous.

H. MacEwan, Vice-President, Wilsil Limited, recalled:

G. E. Hoult, of P. S. Ross & Sons, Auditors of the Company, recalled:

G. M. Smith, of P. S. Ross & Sons, Auditors of the Company, recalled:

Mr. Dyde: Gentlemen, there were some figures which we were putting on the material which is before the committee and I would like to go back to a point that was discussed this morning and upon which I do not think we have received a clear explanation. I am referring now to schedule 2 under the heading "pork" with respect to the figures opposite September 6 and October 4. There, Mr. Hoult, when you were giving us the average per pound you gave us two figures, the first opposite September 6 which I cannot read but which I think is 30, and the second figure is opposite October 4 which is 33·3. You did make some explanation of the figures but I am wondering whether you could clear up the explanation which you have made.

Mr. Hoult: Mr. Dyde, I might suggest that your question this morning went just a step farther. You asked me about the increase to 30 cents between August 9 and September 6 and I said I would look over what papers we had with us and see if it would be possible to give an explanation. The information which we have with us does not enable me to give the explanation and it will require an analysis of the sales of the type of pork products sold. We will get the investigation moving right away and obtain the information for you.

Mr. Dyde: There is just one point in that connection and I believe it is of sufficient importance for me to ask you to act immediately in order to obtain the information, and then either yourself or an officer of the company will have to come back and give us the explanation in person.

Mr Hoult: All right, sir.

Mr. Dyde: You can let me know when you have the information and we can deal with it at that time.

Mr. Hoult: All right, sir.

Mr. Dyde: On schedule 3 we have already filled in some figures but Mr. Hoult can, I believe, give us some further figures which I think are of significance. All we had this morning with respect to schedule 3 was the total figures but Mr. Hoult can also supply us with the percentage figures representing

the percentage of profit on the meat department, and also on all departments. In other words, there are two columns of figures which Mr. Hoult can give for those who would like to insert them in this material.

Mr. HOULT: I will first give the figure for the meat department—total sales of the meat department, and relate that figure speaking of the year 1936, to the fifth column which is profit of $139,979. Expressing that relation in percentage of sales of the meat department—which figure is given in the third column—$6,727,000, the percentage in 1936 is 2·08 per cent; the figure in 1937 is 2·16; the figure in 1938 is 2·5 per cent; the figure in 1939 is 3 per cent; the figure in 1940 is 2·86 per cent; the figure in 1941 is 2·09 per cent; the figure in 1942 is 1·62 per cent; the figure in 1943 is 2·39 per cent; the figure in 1944 is 2·35 per cent; the figure in 1945 is 2·66 per cent; the figure in 1946 is 3·6 per cent, and the figure in 1947 is 2·02 per cent. Would you desire the over-all total?

Mr. DYDE: Yes.

Mr. HOULT: The total is 2·46. The percentage of all departments to total sales—relating the profit of $343,000 shown in the next column to the right to the total sales of $6,670,000 is expressed as follows: the figure in 1936 is 4·48 per cent; the figure in 1937 is 4·02 per cent; the figure in 1938 is 4·22 per cent; the figure in 1939 is 4·67 per cent; the figure in 1940 is 4·14 per cent; the figure in 1941 is 4·09 per cent; the figure in 1942 is 3·19 per cent; the figure in 1943 is 3·03 per cent; the figure in 1944 is 2·89 per cent; the figure in 1945 is 3·9 per cent; the figure in 1946 is 4·43 per cent; the figure in 1947 is 3·92 per cent and the total for the twelve years is 3·84 per cent.

Mr. DYDE: Now, we have already filed in some figures on schedule 4, and turning to schedule 5 we have the inventory figures. If I look at the bottom list of figures and at February 28, 1948, we are correct are we not in saying that your inventories of both beef and pork are considerably greater than for the corresponding period of the year previous?

Mr. HOULT: That is correct.

Mr. DYDE: Going on to schedule 6 you have supplied here the weekly average price which you actually paid. Now the column is headed "good steers" and I think that has to be explained because ordinarily the quotations are for steers 1,050 down, and I think one of you can tell me what you have included in this column "good steers"?

Mr. MACEWAN: We have included all cattle, no matter what the range of weight is—including in good steers those that will qualify as good steers but the weight may be just not up to 1,050 and possibly the weight might be up to 1,250.

Mr. IRVINE: Do you mean by that a good fat cow would be a steer?

Mr. MACEWAN: Oh, no, no.

The CHAIRMAN: The man is not a magician, Mr. Irvine.

Mr. DYDE: Is there anything unusual in the Montreal market? Do you look for heavier steers in Montreal?

Mr. MACEWAN: Yes sir. At Montreal the trade is for heavy cattle—that is for cattle weighing from 500 pounds to around 700 pounds. If they are heavier than the figure I have given they do not want them. Ordinarily, however, we have a demand in Montreal for heavier cattle than are in demand in the Toronto market.

Mr. MAYBANK: What weight are you giving—are you giving weight on the hoof or dressed weight?

Mr. MACEWAN: When I said 500 pounds to 700 pounds that is dressed weight.

Mr. MAYBANK: That is what I thought. When you earlier mentioned the figures 1,050 and 1,250, you were giving figures on the hoof?

Mr. MacEwan: Yes.

Mr. Maybank: So you are talking about the same range, only in one case the weight is dressed weight and in the other case weight is on the hoof?

Mr. MacEwan: Yes.

Mr. Dyde: Mr. MacEwan we are interested in these former prices on schedule 6 but we are also interested in what you can give us to bring this up to date. I think I am correct in saying that you have not at this moment corresponding prices which will continue down the cattle column but I think you have some other figures which can give us which will be of help? You have certain dressed figures and I believe that you can give us the cost figures for the period from January 1; or, at least, for the same periods from January 1, on, could you not?

Mr. MacEwan: I can do that, yes.

Mr. Dyde: What you can give us then is, what?

Mr. MacEwan: It is the week ending the 31st of January.

Mr. Dyde: And you can give us your dressed cost figure for that week can you?

Mr. MacEwan: I can.

Mr. Dyde: Will you please give that to us now.

Mr. MacEwan: I will give you the red brand beef. The cost of that was 32·24.

Mr. Dyde: 32·24, and that is expressed in cents per pound?

Mr. MacEwan: 32·24, per pound.

Mr. Dyde: What is next?

Mr. MacEwan: February 7, I can give you; and the cost was 32·32. Then February 21, I can give you the cost—was 31·81; February 28, it was 30·27; and the next cost that I have gives up to April 17, the cost was 32·93.

Mr. Dyde: You cannot give any other April costs?

Mr. MacEwan: No, I could not.

Mr. Dyde: But could you give us further information with regard to April, can yon not?

Mr. MacEwan: Yes. The week after April 17—for instance, I think I will explain first of all that Montreal is a deficiency area so far as beef cattle are concerned. Many times on the market there are absolutely no good steers on our market at all and we therefore have to bring cattle from Calgary, Winnipeg and Edmonton and sometime we operate on the Toronto market; whichever market we think we can buy the cattle cheapest. And we bring I think more cattle from Calgary and Winnipeg than we do from the Toronto market. Now, in that week, the week after the 17th of April, we brought 187 choice to good steers from Calgary; and they cost us 16·52; in Calgary; and then we had to pay the freight and feed charges, which cost us $1.48, per hundred; which means that these cattle when they came to Montreal cost 18 cents live; and besides that they shrink probably from 90 to 100 pounds per cattle on the way down.

Mr. Dyde: Now, at first sight, that would appear to excuse—or to be the reason for, perhaps it is the best way of putting it—for the increase in your selling price, and it ties in with your remark that Montreal is a deficiency area. Am I right in saying that, that in these previous periods of January and February you were bringing down cattle as well?

Mr. MacEwan: We were.

Mr. Dyde: So that your dressed cost for red brand beef always has to take into account the fact that you are in a deficiency area for beef cattle and your dressed cost that you give us will in most cases include cattle brought from other markets?

Mr. MacEwan: Absolutely.

Mr. Dyde: So that it would be fairer for us to compare let us say the figure that you gave us for January and February, January 31, and February 3, where your costs dressed were 32·24 cents per pound and 32·32 per pound, with 32·93 cents per pound in April 17?

Mr. MacEwan: Yes.

Mr. Dyde: Now Mr. MacEwan, can you help us; does the additional dressed cost which we see there of a fraction of a cent a pound; is that justification for the increase in cost to the consumer of say 5 cents a pound on the cuts of beef that are being sold at retail? Now, you are going through your plants, and you are going through the retail in order to answer that question, and I am asking you to take in a big territory; but I want your help.

Mr. MacEwan: Well, there are some retailers, for instance, who handle practically speaking only hind quarters of meat; and the usual practice of the packing houses on that, if the front quarters pile up we have to sell the front quarters cheaper and then average out on the cattle—we have to put an increased price on the hinds, the hind quarters of our cattle. The hind quarter is equivalent to 48 per cent and the front to 52 per cent; and if we can move the front quarters then the differential between the fronts and the hinds is on a fairer basis, but if we have to sacrifice the fronts then we increase the rate on the hinds, and when it comes to—we take, for instance, in January 31, and February, those dates that you mentioned—we lost heavy on that because our price to the retail trade was only 28 cents for the red brand steers. Then, during February the trade entirely changed and the trade didn't want any red brand beef or blue brand beef, they wanted to buy the cheaper quality of beef; because I take it that the consumers didn't want to pay the price on the higher grade, on the dearer quality. They wanted to buy the cheaper quality beef. Therefore we were not able to quote 28 cents. Our price was 27½ to 28. And on February 28, we had to take 27·5 cents a pound for the red brand beef. And you will notice that in that week the price also came down, which meant that we bought these cattle a little cheaper because it was 27. We lost plenty on our operations during the months of January and February.

Mr. Dyde: When you come to April 17, what is your selling price?

Mr. MacEwan: Our selling price at April 17—our price out to the trade was 31 cents.

Mr. Dyde: How do you explain—let me put it this way to you, Mr. MacEwan; we have heard your long and complete explanation on front and hind quarters, but to the layman it still looks as though your costs were staying within a fraction of a cent of one another and yet your price to the retailer has gone up considerably. Now, is that an attempt to get into a profit position, or is it the fact that the retailer is not willing to pay more than. What is it?

Mr. MacEwan: It is a combination of both of them. We have tried to make a profit on our beef and the retailer has come back and is demanding to get that quality of beef.

Mr. Dyde: Can you give us any other week at all between that period and the week of April 17?

Mr. MacEwan: I haven't got it with me.

Mr. Dyde: You haven't got it with you?

Mr. MacEwan: No.

Mr. Dyde: So that your explanation for the recent rise in price is that the people in Montreal just now want red brand beef and therefore you were able to raise the price you are selling the retailer.

Mr. MacEwan: Yes, but the price also was only diminishing our loss. We are not making a profit on that, it only diminishes our loss.

Mr. Dyde: I was trying to keep prices separate from profits really, although I am not sure it is always possible to do so. I repeat to you that, here, we have running along there prices within a fraction of a cent of one another in the prices that you have given us, yet we have wide variations in your selling prices. I think the sum of what you have said is that that is because the retailer finds there is a demand for red brand in the week of April 17 and he, therefore, is willing to pay you more?

Mr. MacEwan: Yes.

Mr. Dyde: If the next week the demand falls, he will be willing to pay you less and the price will fall?

Mr. MacEwan: That is correct.

Mr. Dyde: So, are you saying to me that the supply of cattle has very little to do with the price that the consumer has to pay?

Mr. MacEwan: No, I would not say that because a good deal depends on whether there is a shortage of beef, we will say, in Montreal or whether competition is severe.

Mr. Dyde: Well, there is a shortage of beef in Montreal all the time. Have you not told us that?

Mr. MacEwan: Yes, that is of live beef, but the other companies put in lots of dressed beef by the carload and that beef, in competition with our beef, keeps the price down.

Mr. Dyde: Your inventories have been good and high since the first of January, have they not?

Mr. MacEwan: On the frozen beef which we got in December—

Mr. Dyde: Now, you are referring to a schedule, are you?

Mr. MacEwan: Yes, schedule 5. We had 1,081,023 pounds; then, in January we had 1,396,198 pounds. In February, we had 1,300,000 pounds. So, you will see, we were gradually getting it down. So long as there is fresh beef on the market, it is very difficult to sell frozen beef unless that beef is going to export, we will say. We have a trade which takes some of the beef to Bermuda and beef which goes to the West Indies; that all has to be frozen.

There is a large quantity of this beef, here, which we have in January, which is manufacturing beef.

Mr. Dyde: But looking at your other beef figures, Mr. MacEwan, not your frozen beef but your other beef, and comparing your position on February 28, 1948, with the previous year—on February 28, 1948, you had 479,586 pounds and in the same period the year previous you have less than half that amount. Your supply position, or your inventory position is pretty high?

One would have thought, not being in the trade, that with a high inventory position you would not have to worry very much if you were a little short of receipts in April. Because of your inventory position or your cooler position, it would not have been necessary for you to increase your selling price?

Mr. MacEwan: Mr. Dyde, that 479,586 pounds of beef only represents—that includes fresh manufacturing beef as well—that only represents, practically speaking, one week's sale.

Mr. Dyde: You are not able to give us the inventory figures following February 28?

Mr. MacEwan: No, I cannot.

Mr. Dyde: Do you know, of your own knowledge—you must know fairly accurately—what your inventories are at the end of March, 1948?

Mr. MacEwan: I would take it that the frozen beef was down and the other beef might, possibly, be the same. I want to explain that.

Sometimes we have cars of livestock arriving two and three days late. We have a big killing on Friday and that is sold on the following Monday. That would make our inventory heavy and yet, when it came to Tuesday, the inventory might be only one-half of what it was on Friday.

Mr. DYDE: Now, may I take you through one further thing because I am sure you can do it for us. The price on February 28 at which you were selling was 28 cents. I will take the top price at that time, 28 cents, to the retailer and, on the 17th of April the price is 31 cents; that is an increase of 3 cents between those two dates. Now, translate that for us into a side of beef going to the retailer. An average side of beef going to the retailer would weigh how many pounds?

Mr. MACEWAN: Say 300.

Mr. DYDE: So that the retailer on February 28 would pay you 300 times 28 cents, am I correct?

Mr. MACEWAN: Yes.

Mr. DYDE: In April, he would pay you 300 times 31 cents?

Mr. MACEWAN: Yes.

Mr. DYDE: If you add that to the normal margin that the retailer attempts to add, it would mean a considerable increase, and can you say how much, to the person who is buying red brand beef?

Mr. MACEWAN: No, I could not say that, but I would put it this way: I, myself, for years was in charge of a large number of retail stores. We just simply, at certain times of the year, such as in this case, the beginning of January, February and March when there always has been an up in the price of beef, we just took smaller margins on our selling to the public.

Mr. DYDE: Yes, that is true, but that is not what I asked you. I asked you what would happen to the consumer if the retailer, in each case, took his normal margin which is worked out on a percentage basis. I am informed that the retailer aims at a margin of around 24 per cent on sales. If he took his same margin at the end of February and the same percentage in April, would this increase of 3 cents not mean a considerable increase in the price which the consumer has to pay?

Mr. MACEWAN: Yes. That is, provided he gave the consumer the benefit of the low price in the previous weeks.

Mr. DYDE: Yes. I am asking you just to add the same percentage margin in each case. Now, can you translate that, in any way, into a sensible figure per pound, when it gets to the consumer?

Mr. MACEWAN: It would be a mark-up of about seven cents a pound.

Mr. DYDE: I am not sure that I understand that. It would be an increase of seven cents a pound? Would the consumer pay seven cents a pound more in the week of April 17 than he did at the end of February?

Mr. MACEWAN: Yes: the figure would be $4\frac{1}{4}$ cents.

Mr. DYDE: Your estimate is that the consumer, in April, would have to pay $4\frac{1}{4}$ cents per pound at the retail level?

Mr. MACEWAN: That is correct.

The VICE-CHAIRMAN: That is without taking into consideration the various cuts and that sort of thing; one cut might go up nothing at all while another cut might go up something more, but you mean on the average.

Mr. MACEWAN: That is absolutely right.

Mr. DYDE: And if your price to the retailer has advanced about 31 cents, then, of course, the consumer must pay more still.

Mr. MACEWAN: Absolutely.

Mr. DYDE: Unless the retailer allows himself to be squeezed by consumer resistance and takes less of a margin?

Mr. MACEWAN: That is right.

Mr. DYDE: Yes. Now, your price to the retailer then is a pretty important matter to the consumer, is it not?

Mr. MACEWAN: Absolutely correct.

Mr. DYDE: Because, on top of that is added the percentage margin which the retailer hopes to make.

Mr. MACEWAN: Yes.

Mr. DYDE: And a variation in your selling price of a small amount in cents per pound expands by the time it gets to the consumer to a larger number of cents per pound. Now, what do you think can be done by your company, or the packing industry generally, to help us in that particular situation today?

Mr. MACEWAN: The information which I have is this: that the higher price of meat at the moment is caused because quite a number of cattle both in Calgary and district, that is, southern Alberta, and Manitoba, as well as in the Edmonton district is prevented from getting to market because there has been a ban on the roads. They have had floods and snow. The information I have. from the parties who buy our cattle out there is this: that immediately that ban is lifted, and it may be lifted now, because they were expecting it very soon. there will be more cattle coming into the market and the market will reflect it accordingly.

Mr. DYDE: Is that statement borne out in fact by the figures which you have given us? Because I would refer to your dressed costs of the week of April 17, and I find them to be only a fraction of a cent higher than they were in February.

Mr. MACEWAN: The dressed cost on April 17 is also in the retail price; anything from that date on, for perhaps ten days. Your cost on April 17 is for beef which will reach the consumer ten days later.

Mr. DYDE: Maybe two weeks; just about now.

Mr. MACEWAN: Exactly.

Mr. DYDE: Just about now some consumer in Montreal is buying red brand beef that cost you 32·93 cents per pound. Now, I do not think the floods in Alberta have anything to do with that. They have nothing to do with it at all?

Mr. MACEWAN: To do with what?

Mr. DYDE: To do with what the consumer in Montreal is paying today.

Mr. MACEWAN: The floods and the lack of cattle coming to the market have jumped the cattle market up; and that ban has been on for two or three weeks.

Mr. DYDE: I know. And while that ban was on, your dressed cost was 32·93 cents on April 17. Whatever effect the roads and floods and bad weather have had must have been reflected in that 32·93 cents. So, what is happening today in Alberta has no effect whatever on your dressed costs for the week of April 17.

Mr. MACEWAN: I would say yes, because our dressed costs on April 17—those cattle take a week to eight days to come through; they are on the road for a week, and sometimes they are two days late.

Mr. DYDE: I thought you were telling me that the Montreal consumer was paying more today because of floods which were happening right now, today, in Alberta. Wasn't that what you told me?

Mr. MACEWAN: I mean—the ban has been on for some time.

Mr. DYDE: Yes.

Mr. MacEwan: And the market has gone up. For instance, take that week that I am referring to, the week of Arpil 17; in that week the Calgary market was 18 cents a pound. Now take last week, when Winnipeg was 18 cents a pound. You could not buy red brand steers in the Winnipeg market last week under 18 cents a pound; and that really means 19¼ cents in Montreal before you fill the cattle. There is bound to be a big jump on that.

Mr. Hoult: Might I ask a question of Mr. MacEwan?

Mr. Dyde: You can make a statement, if you care to.

Mr. Hoult: I was trying to bring out the point which Mr. Dyde was trying to make with you, Mr. MacEwan, and I did not quite understand it in the same way.

As I understand, Mr. Dyde, when he referred you to the price on April 17 as 32·93, you gave that on the dressed weight, your dressed cost, meaning that the cattle had arrived at your plant, had been slaughtered and dressed, and that was the rate at your plant around that date?

Mr. MacEwan: Yes.

Mr. Hoult: I wanted to make sure you understood it, because when Mr. Dyde was following through in reference to the present floods in Alberta or wherever they might be, you were talking about the cost in your plant on April 17?

Mr. Dyde: Yes. I do not want to be misunderstood about this because, Mr. MacEwan, you know the meat business very well, I think. I was leading you to give us an explanation of why the consumer in Montreal is today paying more for any type of red brand beef than he was a few weeks ago, and I thought I had hit it right on the head when I found that the beef that was in your plant, and which cost you 32·93 cents per pound, was the beef that is being sold in Montreal retail stores in the last few days, perhaps even today.

Mr. MacEwan: Yes. That is correct.

Mr. Dyde: I was finding it difficult to see why the consumer today in Montreal is having to pay so much more for beef that, in fact, cost you a very small fraction more than the beef that you had in February.

Mr. MacEwan: Well, the beef that we had in February we were losing very heavy on it because of buyers' resistance.

Mr. Dyde: Then the reason that you got a better price for this 32·93 cent beef is that the buyers' resistance is off in Montreal? There is a demand for more red brand beef, and you are able to put your price up? Is that right?

Mr. MacEwan: Absolutely; that is correct.

Mr. Dyde: So again I come back to the point which I thought I was making a few minutes ago, that it is not nearly so much the cost to you that governs the price as it is, in your opinion, the demand of the consumer because the cost to you has changed almost not at all, and yet the consumer is paying more. Is there a heavy demand in the Montreal retail stores for red brand beef within the last week?

Mr. MacEwan: Yes.

Mr. Dyde: You know that?

Mr. MacEwan: Absolutely, yes.

Mr. Dyde: You know that?

Mr. MacEwan: Yes.

Mr. Irvine: Mr. Dyde, I wish you would clear up a point that seems to be a contradiction to me, that in February when the price was a little lower there was consumer resistance, but in March when the price was higher the resistance seemed to go.

Mr. Pinard: There is a greater demand.

The VICE-CHAIRMAN: I think you are putting it in reverse order. The resistance seemed to go and the price went higher. Would that not be the way to put that?

Mr. IRVINE: Put it the way you like. If the resistance was of any value the demand would be less, but he says the demand is greater and therefore the price goes up. Naturally it would.

The VICE-CHAIRMAN: The reason I intervened was that, as I understood it, the price was low in February because of resistance.

Mr. IRVINE: That is what he said, that people resisted.

The VICE-CHAIRMAN: After the resistance lessened then the price went up, but I gathered that the resistance did lessen in between February and now. That is why I intervened.

Mr. IRVINE: You mean to say the packers caught them napping between one resistance and the other and bounced it up some.

The VICE-CHAIRMAN: I do not know about catching them napping, but I thought the explanation was that people got tired of resistance.

Mr. IRVINE: What I cannot understand is if they resisted in February they have much more reason to resist now and do not seem to be resisting. That is what I cannot understand.

Mr. HARKNESS: The resistance is worn down.

The VICE-CHAIRMAN: In a completely different field I have heard that people will resist at great length sometimes and will yield at others.

Mr. IRVINE: Beef is not like the devil. If you resist the devil he will flee from you.

The VICE-CHAIRMAN: Says you.

Mr. HARKNESS: There was one statement you made I did not quite understand, that the price to this company now of the red brand beef is practically the same as it was in February. According to the figures they gave us is it not up by about $2\frac{1}{2}$ cents at April 17th compared with what it was at February 28?

Mr. MACEWAN: February 28, that is absolutely correct.

Mr. DYDE: That is correct, yes. I think I may have mislead the witness slightly there. I was looking at the figures for the end of January and the beginning of February and referring to them as if they were later figures.

Mr. IRVINE: What schedule are you looking at now?

Mr. DYDE: I am looking at schedule 6 and at the figures we put on it a few minutes ago.

Mr. HARKNESS: To follow that along a little further at the present prices that you are paying, 18 and 19 cents for this red brand beef, I think you said, the cost to you will be up another 2 cents or so a pound?

Mr. MACEWAN: I would say it will be up. It all depends upon what yield we get out of the cattle and the probability is that it will be over 33 cents, maybe a cent a pound up from this figure here.

Mr. DYDE: The value of my question is not lost, however, Mr. MacEwan, because while Mr. Harkness is quite correct in pointing out to me I was comparing wrong dates nevertheless at January 31 your dressed cost was 32·24 cents and you were retailing at 28 cents.

Mr. MACEWAN: That is correct.

Mr. DYDE: So that while I mentioned wrong dates the comparison as to prices was not unfair to make, I think.

Mr. IRVINE: I cannot see where you get those figures you have just given on schedule 6.

Mr. DYDE: I am sorry. We looked at schedule 6 and then I asked Mr. MacEwan to continue the column for good steers down below March 13. He could not do it. He did not have up-to-date figures. I then asked him if he could give us any figures that would help us to compare the present situation with the situation in January and February, and he gave us his dressed cost per pound of red brand at his plant for certain periods. I have put mine down opposite the dates.

Mr. IRVINE: That is all right. I will get it from the record anyway.

(Mr. R. Pinard now presiding as acting chairman).

Mr. DYDE: Mr. Chairman, I have no further questions with regard to successive schedules 6, 7, 8 and 9. I was going to ask one or two questions with regard to a schedule which we have already covered, but I do not want to take the members of the committee away from a consideration of these schedules if we should look at them. Perhaps we might at least look at them in succession and find out exactly what they are, anyway. Either Mr. Hoult or Mr. MacEwan can answer. Schedule 7 is simply a schedule in which you have set out the total purchases by the company?

Mr. HOULT: That is correct.

Mr. DYDE: And for the month of March, 1948, you have given a figure for three weeks. Would either you or Mr. MacEwan be able to give an estimate as to what the total for the period would be?

Mr. HOULT: Possibly Mr. MacEwan can. I cannot.

Mr. DYDE: Would it be a quarter more?

Mr. MACEWAN: I would take it it would be probably one-third more if my recollection is right. I think in the last week in March we killed fairly heavy, so that I would take it it would be not one-quarter but one-third more.

Mr. DYDE: So that until the end of March, at any rate, your receipts of cattle were not dropping badly?

Mr. MACEWAN: That is correct.

Mr. DYDE: On schedule 8 you have shown your figures with regard to export and domestic sales. Do these blank spaces under "sales to meat board for U.K." mean there were no sales?

Mr. MACEWAN: Absolutely.

Mr. DYDE: There were no sales?

Mr. HOULT: No.

Mr. DYDE: That applies to the pork figures where blanks are shown?

Mr. HOULT: That is correct.

Mr. DYDE: Is there any explanation we should have for the fact that there were no sales in those periods?

Mr. MACEWAN: The only thing was that we were able to sell to the trade the beef we had in the plant and we had none for export.

Mr. DYDE: That would apply also to pork?

Mr. MACEWAN: I would think it does.

Mr. HOULT: For October 4 the reason would be the strike.

Mr. IRVINE: Could you speak a little bit louder?

Mr. MACEWAN: Yes.

Mr. DYDE: Your other export sales throughout that week and for the period ending November 9, 1947, were pretty heavy but there were no sales to the meat board. Is there any explanation?

Mr. HOULT: I have no explanation I can give offhand.

Mr. DYDE: I have no questions to ask with regard to schedule 9 resulting from a request to this company—the same request as in the case of other companies—in case it was necessary to examine the costing method employed by the company. I have no immediate reference which I wish to make to it. Now, I would like to go back to schedule 4 and on that schedule you have the monthly statement of profit and loss and the figures for sales of meat are not broken down into the types of meat in any way. Would you please make it clear to us just what that column "sales of meat" does include? Does it include anything except meat?

Mr. MACEWAN: No sir.

Mr. DYDE: Where are by-products on this page?

Mr. HOULT: By-products are not on that page at all.

Mr. DYDE: They are not included in the total sales of meat departments?

Mr. HOULT: No sir.

Mr. DYDE: Have we anything on your schedule which will help us with regard to the by-product figures?

Mr. HOULT: No sir.

Mr. DYDE: Other than I suppose schedule 3 in which all other operations are included?

Mr. HOULT: Yes, I was going to refer you back to schedule 3.

Mr. THATCHER: Would the witness say, before you leave this item, whether there was much appreciation of by-products? When the ceilings were increased 3 cents in February and then when the ceilings were taken off completely in September the price went up quite materially. Did you have a large stock of hides on hand at those two dates?

Mr. HOULT: I do not believe the company did have a large quantity but I have found in Mr. Wright's file the exact figures for inventory. He had these figures with him when he was here last week.

Mr. THATCHER: You have not a separate by-products or hides account on which you could tell us the profit?

Mr. HOULT: By months?

Mr. THATCHER: Yes.

Mr. HOULT: I have not got it here but it could be obtained.

Mr. THATCHER: That should not be necessary.

Mr. HARKNESS: Has this company figures similar to those we received from the other two companies regarding the profit per pound on meat handled? It worked out to ½ of a cent for the other companies and I was wondering if this company had a figure for comparison?

Mr. THATCHER: May I have an answer to my question?

Mr. DYDE: They have not supplied that information, Mr. Harkness, but I am sure that Mr. Hoult could work out the profit per pound on the product handled.

Mr. HOULT: It would all depend upon what you would include in the word "product". I am not sure that we could determine the total volume in pounds. I would like to explain why, from the figures of the company and its system of accounts, we cannot answer the question in just the way you asked it. The reason is that the company in their system of accounting includes produce, refinery, and canned goods as part of the pork department. These items are included in the total pork department sales. If we just took the total meat sales of the pork department and related it to the figure "total sales of the meat department" we would get a higher figure, which would not represent a true value because you have a sales value in there for products other than meat.

Mr. Harkness: You could not supply the figure?

Mr. Hoult: No.

Mr. Thatcher: What about my by-products question?

Mr. Dyde: I should have remembered that we had an inquiry along the line of the question but I had forgotten it was difficult for this company to give the information. The reason I spoke about by-products—and I will continue on that line in a minute—was that Mr. MacEwan referred a few moments ago, when we were discussing the present day situation, to the loss on meat. I am now wondering whether he was referring to a loss on beef and, speaking of beef, does he refer to beef without its by-products or does he refer to a loss after taking into account the beef by-products?

Mr. Hoult: May I speak on that matter Mr. Dyde?

Mr. Dyde: Yes.

Mr. Hoult: In the case of Wilsil Limited their accounting method is such that they give the beef department and the pork department credit. I will speak first of beef. Wilsil Limited gives the beef department credit for the value of hides based on the market value at the date of the transfer. They also give the beef department credit for what is known in the trade as offal—the insides and so forth. In the case of pork the credit is for offal. In the figures which the company has given for beef there is credit given for the price of items to which I have referred. The other figure about which you were talking—other by-products and so forth—is included in what they call "other departments". It is not in those figures which you are on now.

Mr. Dyde: Let me be a little more specific, even though I haven't been so far. I am still looking at schedule 4, and looking at the figures we pencilled in. In 1947, you gave us figures of dollar profit and loss under the heading beef and we put them down ourselves.

Mr. Hoult: That is right.

Mr. Dyde: And in the period ending November 29, and in the period ending December 27, and in the period ending January 24, you gave figures which were profit figures.

Mr. Hoult: That is right.

Mr. Dyde: And all the other figures were loss figures?

Mr. Hoult: Yes.

Mr. Dyde: And I wanted to make sure that all those figures that we put down on the beef had included the result of your beef by-products.

Mr. Hoult: No more than those credits to which I have referred, but not over. A consistent policy has been followed by the company throughout. On each one of these periods the method of accounting is the same for the entire period.

Mr. Dyde: I am not suggesting that the method changed.

Mr. Hoult: I thought it might have a bearing on your question.

Mr. Dyde: I wanted to make sure, whether you were making a loss on beef or whether you were making a profit on beef, that in those charges we had included the whole animal you get from the producer, the farmer; or whether there was some other item which comes out of the beef cattle which you have not included in that column.

Mr. Hoult: I would say everything is included in that.

Mr. Dyde: Yes; and when we come to the pork column, when we look at the figures for these different points, we can assume that you have included all the by-products of the pig; or, am I wrong?

Mr. Hoult: We have included them.

Mr. Dyde: You have included that?

Mr. HOULT: Yes.

Mr. DYDE: All right.

Mr. THATCHER: Just before we leave this I would like to get an answer to a question I asked a moment ago, if I may. I think it was December 20, if I remember correctly, that the price went up 3 cents, and on calves 5 cents—I would like to know if you had a large inventory of them at the time, or approximately what it was. Then, as at February 15, the ceilings came completely off—yes—and there was a considerable price increase in that department. I would like to know what appreciation of inventory Wilsil had in those two periods?

Mr. HOULT: I have a memo which I have taken from Mr. Wright's file which shows that on January 20, 1947, they had 8,259 hides on hand.

Mr. THATCHER: What do you estimate those hides would weigh?

Mr. MACEWAN: 60 pounds.

Mr. THATCHER: Right. I am sorry I interrrupted you, Mr. Hoult.

Mr. HOULT: On September 15, 1947, we had 5,026, on hand.

Mr. THATCHER: And you have no figures as to the value of your stock appreciation at that time?

Mr. HOULT: No. Whatever the increase might have been in the selling price you could apply that to the stock we had on hand.

Mr. THATCHER: Yes. I would estimate in the first period it would amount to $15,000 to $16,000.

Mr. HOULT: I have no knowledge myself as to the proportionate price.

Mr. THATCHER: You have no idea during the year how much your profits on beef that you show would be based on inventory appreciation?

Mr. HOULT: To what are you referring?

Mr. THATCHER: I mean your over-all costs.

Mr. HOULT: When you refer to inventory appreciation, Mr. Thatcher, are you meaning that the inventory has been liquidated, sold?

Mr. THATCHER: No.

Mr. HOULT: If so, any profit is right in these figures.

Mr. THATCHER: Perhaps I did not make myself clear. You know that when ceilings came off at various times during the year, on hides or on meat, and on various other things, the prices in most cases immediately took a jump.

Mr. HOULT: Yes.

Mr. THATCHER: Well, you had naturally a good deal of your merchandise at the old price. The point I wanted to get at is, do you have any figures as to how much you made when the ceilings came off in the form of inventory appreciation?

Mr. HOULT: We haven't got that.

Mr. THATCHER: Would you say that a fair portion of your profits last year came from that?

Mr. HOULT: I could not say that.

Mr. THATCHER: I do not know whether you were here when Mr. McLean of Canada Packers was giving evidence, but when he was here he made the statement that part had been due to that. Mr. McLean said "The chief factor affecting results has been the removal of ceiling prices on many of the products in which the company deals. These include meat, hides, butter, etc. In all cases, the removal of ceilings resulted in an immediate advance in price. These advances brought to the company an automatic profit. On butter and hides especially, the profit was large." Do you think the same would be true of your company, or do you think they would not be true?

Mr. HARKNESS: I think it is only fair to Mr. McLean to point out that he said the extra profit was largely due to that.

Mr. THATCHER: I am quoting his exact words. I have them here.

Mr. HARKNESS: You will recall that you had a long argument with him, and then he later qualified that statement.

Mr. THATCHER: But I have just read to you what he said when he was here.

Mr. HARKNESS: But later he made it clear about it being extra profits.

Mr. LESAGE: Mr. Harkness is right.

Mr. HARKNESS: I think it is only fair to Mr. McLean to indicate that he later qualified the statement you have read.

Mr. THATCHER: These are Mr. McLean's exact words.

Mr. IRVINE: It can't be unfair if it is on the record it will speak for itself.

(Mr. Maybank resumed the chair)

The VICE-CHAIRMAN: Just a minute, on that point. While it is true—and let me say immediately that it is not for me to choose as to correctness as between you and Mr. Harkness—while it is true that you quoted the actual statement it may be that in a later statement there may be something else modifying it at another point.

Mr. THATCHER: Oh, yes.

The VICE-CHAIRMAN: And if we are quoting a witness and there is some modification of that statement later it would only be right to, as you might say, quote him in full. Would you agree?

Mr. THATCHER: Oh, yes, indefinitely; but these are the exact words. That was his statement to me.

The VICE-CHAIRMAN: Or, did he not modify it in another place?

Mr. THATCHER: I agree, later on he said that it was extra profit.

The VICE-CHAIRMAN: Well then, we must take the statement which you have in front of you as being only a partial statement about it, and that on being questioned on it at a later stage he modified it. Would not that be the right way of approaching it?

Mr. THATCHER: Put it anyway you like.

The VICE-CHAIRMAN: No, it is not what I like. I just put it to you. I know you want to ask your questions in a fair manner.

Mr. THATCHER: Certainly.

The VICE-CHAIRMAN: I felt sure that if it were pointed out to you that you were not being fair to a witness in that you quoted something he said without the subsequent modification; I feel sure that if that were pointed out to you you would agree that the whole of the statement should go in.

Mr. THATCHER: Well now, put it anyway you like.

The VICE-CHAIRMAN: It is not "the way I like". I have no personal views in it.

Mr. THATCHER: Any way the Conservative party or other defenders of these companies like to have it in.

Mr. HARKNESS: I object very strongly to that statement and I think Mr. Thatcher is being very unfair in making such a statement.

Mr. THATCHER: All right, I withdraw.

Mr. HARKNESS: There is no question of us being here in this committee in defence of any company.

Mr. THATCHER: I apologize.

The VICE-CHAIRMAN: Now that we have had all this withdrawn you can still ask your question in the proper way.

Mr. THATCHER: Shall I start it all over again?

The VICE-CHAIRMAN: I think it would be well if you started all over again, just like a husband and wife quarrelling over the kids.

Mr. THATCHER: When Mr. McLean was before this committee he made this statement:

> The chief factor affecting results has been the removal of ceiling prices on many of the products in which the company deals. These include meats, hides, butter, etc. In all cases, the removal of ceilings resulted in an immediate advance in price. These advances brought to the company an automatic profit. On butter and hides especially, the profit was large.

And Mr. McLean later went on to suggest that what he had really meant to say was that the extra profits were due to these inventory increases. Now, would you say as an official of Wilsil's—that is your capacity, I think?

Mr. HOULT: No, I am the accountant.

Mr. THATCHER: Would you say the same is true of Wilsil's?

Mr. HOULT: Mr. Thatcher, with respect to Wilsil's I could not answer directly the question that you put to me because I have no knowledge. I do not know. But I would say that if a company—and you may use Wilsil as an illustration—has an inventory on hand they certainly did, if the price went up subsequently. Until such time as Wilsil or any other company has sold that inventory they have not made a profit. Now, if at some time between the taking off of the price ceilings and the end of the year Wilsil had turned over their inventory at a higher price then that profit would be reflected in the operations for the year.

Mr. THATCHER: Yes.

Mr. HOULT: But I cannot explain the details any further, because I do not know.

Mr. THATCHER: You do not know?

Mr. HOULT: No.

Mr. THATCHER: Would any one of your officials with you know that?

Mr. HOULT: No, I do not see how they could work that out.

Mr. THATCHER: I see your figures for November, December and January as per your schedule—for instance, December; that was the most extreme month. Your profit was almost $146,000, on meat. Now, in January, they are lower. Not nearly as much. Are those profits caused by inventory appreciation? That is what I would like to know. If you cannot answer, you cannot. If you can answer, you might possibly throw some light on that fact.

Mr. HOULT: No, I do not know that I can answer because I have not got the facts at all. I can tell you that in the month of January the company did sell from their inventory that they had at the end of the year and that would explain the profit in January. Then, going into February, they sold their current production and the cost of current production is high.

Mr. LESAGE: Unless the amount they were selling in January had been priced at the end of December at the new price which was higher, then the profit would be shown at the end of December and not in January?

Mr. HOULT: If they had a stock on hand, Mr. Lesage, at the end of December and prices advanced in January and the company sold that out of their inventory—

Mr. LESAGE: If the prices advanced in January?

Mr. HOULT: Yes, that is my point.

Mr. LESAGE: But if there was an inventory appreciation at the end of December, it would be shown in December and not in January?

Mr. Hoult: I think I am confused when you are talking about an inventory appreciation. I, as an accountant, always look upon inventory appreciation as not being profit until such time as it has been released.

Mr. Lesage: No, it is a book profit.

Mr. Hoult: Oh, all right.

Mr. Lesage: What we have here on schedule 4 may well be book profits?

Mr. Hoult: Yes, it does not mean—

Mr. Lesage: Or part of it might be a book profit?

Mr. Hoult: It might be.

The Vice-Chairman: Are there any other questions, gentlemen?

Mr. Thatcher: I should like that information obtained. It could be sent in by letter. I should like to know approximately how much of Wilsils profit last year came from inventory appreciation. If that is a long and cumbersome task, I do not want the company to go to a teriffic amount of work to accomplish it. The company can estimate it. They must have some idea.

Mr. Hoult: Might I just ask, when you are talking about inventory appreciation, so I will clearly understand you, if you say that in 1947, they made their inventory appreciation, you will give me a starting date?

Mr. Thatcher: During 1947.

Mr. Hoult: All right, then, you say, if I am following you correctly, that I take my inventory as of the end of 1946 and I sell that through the year 1947. To what extent have I made a profit on that inventory on account of the selling price being higher? Have I got your point correctly?

Mr. Thatcher: Yes.

Mr. Hoult: I must have a starting date.

Mr. Thatcher: The only time you will have a date is when some ceiling price came off. The first one was in February, on hides and skins; the second is in September when the ceiling on hides and skins came off completely. Then, on October 24, the ceilings came off meat. Those are the only three dates.

Mr. Hoult: I must always start to work from an inventory as of a certain date, which you give me.

Mr. Thatcher: I am not trying to have you go through weeks of work attempting to get it. If that is the case, do not get it.

Mr. Hoult: I can tell you now the company could not get it without expending a great deal of effort in analysing a tremendous number of adjustments. Further than that, there is a tremendous problem which I do not think the company can overcome and that is identifying their sales. I do not think I would get a proper answer when I was finished.

Mr. Thatcher: If that is the case, I do not want you to do it. I would think you could ask the president or whoever is the head official, just how many hides did you have on hand at this date; how much meat did you have at this date? Do you not know if you made an inventory appreciation on it? I do not want a lot of detail work done. If you cannot get it without a lot of detail work, forget it.

The Vice-Chairman: Are there any other questions, gentlemen?

Mr. Irvine: Just a minute, are you finished with these witnesses?

The Vice-Chairman: Yes. I was asking if there were any more questions.

Mr. Irvine: I have one or two very important questions to ask. I should like to know if Wilsil purchased large quantities of live hogs and cattle in the western provinces and shipped them east to be killed? Do you also ship large quantities of carcasses which have been killed in the west?

Mr. MacEwan: We buy no hogs in the west.

Mr. IRVINE: But you buy beef?

Mr. MACEWAN: We buy beef alive. We very frequently buy carloads of beef which has been killed in Winnipeg.

Mr. IRVINE: Can you tell me whether it is cheaper to ship into Montreal a carload of carcasses or a carload of live animals?

Mr. MACEWAN: Well, so far as the company is concerned, they are better to bring the cattle through and kill them in Montreal because they get the full benefit of the price of the offal. Having the stock killed, we will say in Winnipeg, we lose a lot of that. You lose the head, you do not get the head. You lose the rough fat, that is the inside fat of the animal. You only get credit for the defatted animal. You pay the price on the hide at the present prices. As a general rule, when you kill your own cattle, you take the hide and salt it. You make a profit on it.

Mr. IRVINE: As a good business man and a Scotchman, looking after the economic end of everything as I have no doubt you are competent of doing, supposing you had charge of the whole cattle business so far as processing is concerned and you were interested in giving beef and pork to the consumers of Canada at the cheapest possible price, would you not think it advisable to have those animals killed as near to the place they were raised as possible?

Mr. MACEWAN: Well, there are two things which come into that. For instance, you kill cattle, we will say, in the west in the months of November, December, January and February and probably March; that would be five months. The dressed beef in those cars would arrive in good condition.

However, when you come to the hot weather, that is April—not so much in April—but May, June, July and August and the muggy weather in September, then you get a better price for your beef killed in the abattoir in the city of Montreal than you would get on the beef which comes in the car because to a certain extent, it has perished away. That is chilled; I mean, it perishes on the way. If it is hard-frozen it might not; but nobody would buy beef which is hard frozen at that time, and it does not hold up either. Immediately you handle that stock in hot weather, during the hot months, the meat blackens and deteriorates, so far as the butcher is concerned in buying it. And if the butcher buys it and puts it in his store, then he must move it very fast, because it deteriorates immediately.

Mr. IRVINE: That is quite clear. But what about the meat we ship to Britain or to any foreign market?

Mr. MACEWAN: That is all frozen, and it is frozen under strict regulations; it has to be chilled and frozen within a certain time. And no matter when that meat comes through, they can arrange the temperature of the car to be such that it is delivered at the point of selling in perfect condition.

Mr. IRVINE: Could not the same perfect condition be maintained in respect of meat which is to be consumed in Montreal?

Mr. MACEWAN: Not during those hot months. Nobody would buy, during those months, frozen meat. The public ban it completely.

The VICE-CHAIRMAN: Your proposition is that it could be done, and I gather from the witness, physically it could be done, but that our people, having the opportunity of buying fresh meat and the opportunity of buying frozen meat, would not take the frozen.

Mr. IRVINE: Possibly that is true. I just wanted to know if it was a practical proposition. I have one more question in that regard and I am finished. From the point of view of the consumer, it would be better to tan the hides in Winnipeg or in Calgary and make them into boots rather than to ship those hides to Montreal and tan them and ship them back in the form of boots, especially in view of the 21 per cent increase in the freight rates.

Mr. MacEwan: I am not capable of answering that question. That is out of my province.

The Vice-Chairman: That is not feasible while the west is a colony, anyway.

Mr. Irvine: That is a very significant remark, Mr. Chairman.

Mr. Dyde: You will remember, Mr. Hoult, to look up the information about that item on schedule 2, and if it is not a great inconvenience, one of you may come back from Montreal next week with that information.

Mr. Hoult: As soon as it is ready I will contact you and report to you.

The Vice-Chairman: Thank you, gentlemen.

Mr. Hoult: Thank you, very much.

Mr. Lesage: It now being a quarter to six, should we start with another witness tonight?

Mr. Thatcher: No. I move that we adjourn.

The Vice-Chairman: I do not know what the Minister might say to you for moving that motion, or what he might say to me for putting it.

Mr. Thatcher: The Minister is not here now.

The Vice-Chairman: Oh, I feel the rope around my neck. Are you in general agreement, gentlemen, that we adjourn now until tomorrow? There are, I am sorry to say, no conditions.

At 5.45 the committee adjourned to meet again tomorrow, Friday, April 30, at 11 a.m.

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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 49

FRIDAY, APRIL 30, 1948

WITNESSES

Mr. L. W. Pearsall, Assistant Director of Marketing Service, Live Stock and Live Stock Products Division, Department of Agriculture.

Mr. F. S. Grisdale, Co-ordinator of Foods, Wartime Prices and Trade Board.

Mr. J. G. Taggart, Director of Agriculture Services, Department of Agriculture.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

MINUTES OF PROCEEDINGS

FRIDAY, April 30, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin presiding.

Members present: Messrs. Beaudoin, Fleming, Harkness, Kuhl, Lesage Martin, Maybank, Mayhew, Merritt, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. L. W. Pearsall, Assistant Director of Marketing Service, Live Stock and Live Stock Products Division, Department of Agriculture, and Chairman of the Meat Board, was called, sworn and examined.

Witness retired.

Mr. F. S. Grisdale, Co-ordinator of Foods, Wartime Prices and Trade Board, was called, sworn and examined.

Witness retired.

Mr. J. G. Taggart, Director of Agricultural Service, Department of Agriculture, was called, sworn and examined.

Witness retired.

At 12.45 p.m., the Committee adjourned to go into Executive Session and to resume in public session on Monday, May 3, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

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MINUTES OF EVIDENCE

House of Commons,

April 30, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The Chairman: The meeting will please come to order. We will have an executive session of the committee later this morning, a rather important one.

Mr. Dyde: I should like to call Mr. Pearsall, Mr. Chairman.

L. W. Pearsall, Assistant Director of Marketing Service, Live Stock and Live Stock Products, Department of Agriculture, called and sworn:

By Mr. Dyde:

Q. Mr. Pearsall, would you give the committee your full name, please?—A. Luke Windham Pearsall.

Q. Your address?—A. Confederation Building, Ottawa.

Q. Your position?—A. Assistant Director of Marketing Service, Live Stock and Live Stock Products.

Q. I believe you are also an officer of the Meat Board?—A. I am chairman of the Meat Board.

Q. And the Meat Board is under what statute?—A. At the moment, it is operating under the authority provided in the Agricultural Products Act. I am afraid I have forgotten the exact title.

Q. Is it the Livestock Products Act?—A. No.

Mr. Lesage: No, the Agricultural Products Marketing Act, I believe it is. We just passed it in the House.

The Witness: That is a detail which I have forgotten at the moment.

By Mr. Dyde:

Q. Would you describe to the committee what the Meat Board is, please? How is it made up, what is the membership?—A. The membership at the present time is made up of myself, as chairman, Mr. S. E. Todd of the Industrial Development Council, Canadian Meat Packers, Dr. Auld of Regina, Mr. Tummon, I believe he is the Secretary of the Ontario Hog Producers Association, and Mr. Proulx of Quebec City.

By the Chairman:

Q. What does he represent?—A. The producers.

Q. Not the provincial government?—A. No.

Mr. Lesage: Mr. Proulx was Director of Service, Department of Agriculture, Quebec.

By Mr. Dyde:

Q. Then, the Meat Board has to do with the negotiation of the United Kingdom contract with regard to bacon and beef, does it not?—A. I would not

say it was the Meat Board which had to do with the negotiations. The contracts are negotiated as between the two governments. I think it is proper to state, with respect to meat products, the Meat Board is consulted with respect to the technical details.

Q. And then the Meat Board carries out the decisions?—A. Right.

Q. Would you be good enough, please, to give us some history of the Meat Board operations and, in this, I do not think we need go back farther than August, 1947? Would you explain how, at that time, the operations of the Meat Board were carried on with respect to beef and pork?—A. In August, 1947, and as a matter of fact right down through the history of the Meat Board, all the board has done was to purchase any surplus quantities of beef that were offered by anyone, any packer, that is in a position to meet the specifications and requirements.

In other words, we stood ready to purchase any surplus meat within the specifications as provided in the United Kingdom agreement. That was true of the supplementary contracts with respect to offals and hog casings.

On pork, however, the board did regulate the quantity which was left for distribution on the domestic market or, in other words, attempted to divert certain quantities from domestic to export. Briefly, that was accomplished by placing each exporting packer on a definite quota as to the number of hogs he was permitted to distribute in the domestic market and required that the balance of all slaughterings, over and above those permitted for domestic use, should be delivered for export.

At the same time, the purely domestic operators who were not exporting were also limited to the quantities they could put into the domestic market.

I think those are the essential features of our operations at that time.

Q. Then a change took place in the methods of the board in, I think, September, 1947, is that right?—A. The essential change was with respect to pork. At that time, all domestic quotas were removed and the handling of the purchase of bacon was placed on the same basis as beef. In other words, all packers and operators, at their own discretion, sold all they could on the domestic market and merely offered us the surplus.

Q. Do you know what result that had on domestic operations in pork, for instance, Mr. Pearsall?—A. Well, in general, there was a very substantial increase in the quantities of pork which were distributed in the domestic market. I do not think it is possible to get an exact figure. You could get a very accurate appraisal of the increased quantities from the inspected plants but, I think, there was a lot of diversion. There were lots of hogs killed in non-inspected plants. Therefore, it would be difficult to get a record of the non-inspected plants. I do not think there is any doubt about it there was a very substantial increase in the amount of pork and pork products which went into consumption as a result of the lifting of the restrictions on domestic distribution.

By Mr. Maybank:

Q. You do not have an exact statistic on the non-inspected plants?—A. No.

By Mr. Thatcher:

Q. Is pork still very short in Canada?—A. Pork has never been short in Canada; that is, it has never been short in so far as supply is concerned. It was short on the domestic market because of the restriction placed on the quantity which could be distributed but, as from September on—

Q. There is a lot of pork on hand at the moment, then?—A. Definitely.

Q. Why can we not ship more to the United States, then?—A. That is a matter of government policy.

The CHAIRMAN: With which this committee is not directly concerned.

Mr. LESAGE: I do not think Mr. Pearsall should be asked to express an opinion on a matter of government policy.

The CHAIRMAN: Mr. Thatcher is not going to pursue it. He wants to be fair.

Mr. THATCHER: The only thing is that it might affect the price. I was wondering whether Mr. Pearsall, as chairman of the Meat Board would have some reason to explain the fact we cannot ship pork to the United States, if there is plenty of it here, and he has just said there was.

Mr. LESAGE: It is a question of government policy, and that question is out of order.

The CHAIRMAN: I do not think it is fair to ask a civil servant to comment on government policy.

Mr. KUHL: Does he not make recommendations?

The CHAIRMAN: It is a matter of government policy, and I do not think it is fair to the witness.

Mr. THATCHER: I do not want to be unfair.

The CHAIRMAN: I know you do not.

Mr. THATCHER: Is there some reason, I am not asking about government policy, but I want to know why we cannot ship our meat to the United States if there is plenty of it here.

Mr. MAYBANK: I submit the question would be answered if he said there was an embargo on it.

The CHAIRMAN: He has given you the answer.

By Mr. Thatcher:

Q. In your capacity, as chairman of the Meat Board, would you not make recommendations to the government?—A. Not necessarily.

Mr. MAYBANK: Let us suppose the answer is, yes. The questioning would still stop there because recommendations made to the government by an official would not be receivable here. You cannot go behind the baize door in any way at all.

Mr. THATCHER: You cannot? Oh, all right.

The CHAIRMAN: Are there any other questions?

By Mr. Dyde:

Q. Mr. Pearsall, we have had put before the committee a document which has been marked as Exhibit 99 and which contains material supplied by the marketing service of the Department of Agriculture. I think you are familiar with it. I was wondering whether, on the second and third pages of that document, and I am confining my attention to the second and third pages for the moment, you had anything you could tell the committee with regard to the point we were mentioning a few minutes ago, namely, the domestic consumption and the effect of the change which took place in September? Does that document help us at all?—A. The document, under page 2, with respect to domestic distribution, was prepared, as a matter of fact, in our office and it is our effort to appraise the domestic consumption, the residual quantity. Again, I should like to say this is from inspected slaughtering only and does not take into consideration the non-inspected slaughtering which is always included in the D.B.S. figures.

On page 2, that is beef, the first quarter of 1947, the domestic distribution after allowing for export and canning, averaged 9,881,000 odd pounds weekly; the second quarter, 10,054,000 pounds—I am reading the last line, average weekly domestic distribution; third quarter, 10,150,000 pounds and the fourth quarter is 9,951,000 pounds. I should like to observe that the figure for the

fourth quarter of May is not too realistic because it included the strike period in which, undoubtedly, there was a larger quantity of beef slaughtered in non-inspected plants. In other words, the average weekly domestic distribution of beef approximated very close to 10,000,000 pounds weekly during the four quarters of 1947.

Now, on the last column on the right, is an estimate of January and February. As a matter of fact, I can bring that figure up to date now, for the first quarter, and the average weekly distribution of beef in the first quarter of 1948 from inspected slaughtering only is 12,170,000 odd pounds. In other words, there has been a very substantial increase in the beef consumption of Canada during the first quarter of 1948 from inspected slaughter, approximately 2,000,000 pounds weekly.

By Mr. Lesage:

Q. Do you have any indication that the same increase occurred in so far as non-inspected slaughter was concerned?—A. Pardon?

Q. Do you have any indication that the same increase occurred on non-inspected slaughtering?—A. I would have no way of appraising that, Mr. Lesage. There is no particular reason why it should not.

Q. No, I am just asking you if you have any indication?—A. No, I think it would be reasonable to assume there was an increase in the non-inspected slaughter, probably not as great as this, but of some order.

Q. So, the increase here would not be due to a decrease in the other?—A. I would not think so, although that is a matter of opinion.

Q. Yes, but you have no definite indication?—A. No.

By Mr. Thatcher:

Q. Would you say there is a shortage of beef at the present time or is it plentiful, the same as pork is, in Canada?—A. Do you mean at the present time, right this week, or during the first quarter?

Q. At the present time; how do we stand so far as beef is concerned?—A. Well, the case history is this; during the first quarter of 1948, the cattle slaughterings were substantially greater, I think about 20 per cent, something of that order; not only were the slaughterings greater, but the average weight was substantially higher. The total weight of inspected beef slaughtered during the first quarter was about 30,000,000 pounds greater than the first quarter of 1947. Our exports totalled somewhere around 15,000,000. I would say this, during the period beef was being offered for export, there must have been a surplus over and above what this market would absorb. But, during the past four or five weeks we have not been offered any beef for export. I want to modify that in a moment, but in brief, we have not been offered any beef for export which would lead me to the conclusion that the quantities of beef being offered are being absorbed in the domestic market. Whether or not the domestic market will absorb more, I do not know.

Q. Then, it is not too plentiful at the present time?—A. Not in relation to demand. The fact of the matter is that the demand has increased.

Q. Yes, but that would probably mitigate any change of sending beef to the United States in the near future, regardless of government policy?

Mr. Lesage: That is the same question.

The Witness: I would say this; there is not likely to be any surplus beef offered above what the domestic market would absorb during the next two or three months. I want to modify that to this extent; when you say, "Certain surplus beef", beef includes everything from canner cows to red brand beef. You may find a surplus of manufacturing beef in the maritimes; we may be offered a car of boneless beef from one particular section and, at the same time, there might be a shortage of good beef in other sections of the country.

The reason I say it is not anticipated there will be any surplus beef during the next two or three months is; first, because cattle marketings are normally light at this time of the year and, secondly, at this time of year the cattle go out on grass. Once a farmer puts his cattle out on grass and grass is plentiful, he is going to leave them there for a few months. We will not get any surplus beef until the grass cattle start to move and when the grass cattle start to move will depend on pasture conditions during the summer.

By Mr. Maybank:

Q. When you speak of there not being a surplus with respect to demand at the present time, you mean that to be understood in the light of prices as they are at the present time? If prices rose a great deal, certainly it would affect the demand?—A. I think what I had in mind when I made the statement the way I did, in relation to present demand, is that evidence was brought out that marketings this year were greater than last year. Nevertheless, this market has taken these additional offerings and has absorbed them and there is still no surplus.

By Mr. Fleming:

Q. There is no evidence of consumer resistance in the months of this year, 1948, thus far?—A. Well the only way I can answer that question is by stating that the public actually bought substantially greater quantities of beef, greater quantities of the top qualities of beef and they paid higher prices for them.

Q. Are you in a position to say that they are purchased for consumption, that it is not going into storage?—A. There is some of that beef in cold storage. The figures will show you that; that is, in these figures that I have given all storage stocks have been deducted at the end of each period.

The CHAIRMAN: How do you explain the demand this year?

The WITNESS: I think that is probably just what one would expect. The 1st of January pork prices were very, very considerably increased, $7 a hundred on export bacon with an equivalent rise in the domestic prices. That is an unprecedented increase at one time, it made pork prices relatively high. And what actually happened, the actual result of that price increase, the public switched their buying from pork to beef, and there was a corresponding decrease in the consumption of pork; and the evidence, so far as we can see it, was that there was very little change in the total meat purchases in the domestic market, but there has been a definite switch from pork to beef because of the very sharp increase in pork prices. The consumer switches from one product to another depending on the price; and in all probability if the meat prices are relatively too high they switch to other protein foods, such as cheese, fish and so on. In this case it was a switch from pork to beef.

By Mr. Lesage:

Q. Have you the figures for the first quarter of 1948, so far as pork is concerned?—A. Calculated on a similar basis—this is page 3, of Exhibit 99—the first quarter—and again I want to emphasize that these are only inspected slaughterings, they do not include non-inspected slaughterings—the first quarter, average weekly distribution in pounds of pork and bacon, all pork products, 4,900,000 odd pounds. The second period, 4,962,000 odd, and in the third period 4,397,000 odd. I may observe at this point that during these three periods, as I have already explained, that the Meat Board was controlling the quantity which could go on to the domestic market. In other words, domestic market consumption would have been very substantially higher if it had not been regulated. In the fourth quarter, after restrictions were removed and trading was free to sell on the domestic market, with all controls off, prior to going for

export, the average distribution for domestic consumption increased to 7,243,000 pounds weekly. Now, for the first quarter of 1948, I can correct these figures, this January 1—we calculate that the average weekly distribution of pork for the first quarter was 5,424,000 pounds, which is a reduction from the fourth quarter of last year of about 1,800,000 pounds (that is 1947) and that is just about the increase which took place in beef. It is higher than for the first three quarters of 1947, but substantially lower through the period—the last quarter of 1947. In other words, the total consumption of these two items of meat, pork and beef, remained about the same, and there was diversion, a sharp reduction in pork and a sharp increase in beef.

Q. Now, Mr. Pearsall, when the restrictions were taken off I would like to know if the following happened: namely, if people bought more beef coming from inspected slaughterings than they had done during the war or during the periods of control?—A. I think that would be true of pork. It is difficult to make an estimate. You might say there was a 10 to 15 per cent reduction in non-inspected, and an increase in inspected. I think probably that was true. I do not think it was true for the reason that we never had restrictions on beef, and did not apply to the same extent.

Q. That is right.—A. I think that remark you made with respect to pork—I do not know how it is phrased. At the same time, I think it is a correct conclusion that there was some diversion, because—

Q. And there was a lot of slaughterings which were not allowed?—A. Quite.

By Mr. Fleming:

Q. It is quite clear, Mr. Pearsall, is it not, from what you have said that the price and quantity, the price that was being charged and the quantities of beef and pork available, had been tied very closely to government policy. We have seen in the case of pork, for instance, that when the government freed the domestic sale there was a much greater quantity coming on the market, and then when the price was raised by the United Kingdom contract immediately the domestic price went up, and that has reflected itself in the case of beef by an increased consumer demand for beef because the pork price had been raised to a point where the domestic consumer resisted the pork prices?—A. Well, I hope I am answering your question; at least, I hope I have interpreted it correctly. The fact is that the export price was negotiated by government contract. Historically there always has been a surplus of pork and the export price determines the price in the domestic market.

The CHAIRMAN: That has always been the case?

The WITNESS: That has always been the case. So, if you raise the export price, whether you do it by government contracts or private trading; once your export price goes up then your domestic price must follow. It determines the price.

Mr. LESAGE: I was wondering what would happen if we exported beef or cattle—

Mr. FLEMING: There were some other factors in my question which have not been covered in your answer. Would you mind dealing with them?

The WITNESS: Would you state it again?

Mr. FLEMING: I put a little more elaboration on my question than that. I drew your attention for your comment, Mr. Pearsall, to the fact that in the case of pork when the market was free—that is to say, so as to permit free sale on the domestic market—there was a greater quantity coming on to the market. That is what happened, and then the next point was the increase in the export price brought about by the government contract, or perhaps I should say the inter-government contract. You could comment on that first. I think it is obvious.

I am simply drawing attention to the fact, for your comment; that in this field of increased prices, the movements of the prices and quantities available are tied very closely to the influence of government policy.

The WITNESS: I think I see your point, Mr. Fleming. The substantial increase in pork consumed during the last quarter of 1947, after removal of restrictions, was a matter of government policy. That is quite true. Now, I would like to add this though; that notwithstanding a substantial increase in quantity in the domestic market the price in the domestic market did not change because the export price had not changed. As a matter of fact, there was a two dollar increase in the price at the 1st of September, or in September; and the domestic prices during the last quarter were a little higher than they were during the earlier part of the year.

By Mr. Fleming:

Q. As a matter of fact it is the price of the United Kingdom contract which has stepped up the price in the export market, and with it the domestic price?—A. That is correct.

Q. Then as a result of that event we have a switch of consumer buying to beef?—A. Right.

Q. What I wanted to bring out for your comment, if you care to comment on it, is that this question of prices and the quantities available of beef and pork is tied directly to government policy, whatever that may be.

The CHAIRMAN: That is a pretty loose question. As you said, surely it is tied directly to government policy; obviously, everything is tied directly or indirectly to government policy. But put a question like that to a witness of this kind I do not think is fair.

Mr. FLEMING: I thought it was reasonably clear, Mr. Chairman.

The CHAIRMAN: It is clear, but it is not a fair question, I suggest. Of course it is tied. Everything is tied in some way. But here is a government servant. You are asking him now in the light of our terms of reference a question which I think should not be put to this witness.

Mr. FLEMING: I do not want to be unfair to this witness. I do not want him to comment on government policy and I am not asking him whether he approves or disapproves of government policy. I am not asking that. The point, and I think it is a fair question to ask of a witness who is a public servant, is this. These things which relate to prices and quantities available on the market and so on are directly tied to the statement of government policy.

Mr. THATCHER: I think that is a fair question.

Mr. FLEMING: I do not ask him to say whether he approves of it or disapproves of it. I did not propose to do that.

The CHAIRMAN: He has already said that the export price inevitably, at all times affects the domestic price.

Mr. FLEMING: Yes.

The CHAIRMAN: Now, surely, he has answered that.

Mr. FLEMING: My question goes a little beyond that.

The CHAIRMAN: With due respect, I do not think it does.

Mr. THATCHER: Mr. Chairman, I do not think you are being fair if you do not let him answer that question.

The CHAIRMAN: I would not want to be found guilty of not being fair, but I am thinking of the position of the witness and I am thinking of the desirability—that there are other people who can establish an answer to a question like that. I do not think a public servant should be put in a position of passing judgment on a policy which he is called upon to administer.

Mr. FLEMING: Mr. Chairman, may I repeat, I have not asked him to say whether he approves or disapproves of it.

The CHAIRMAN: Now, let's not get excited.

Mr. FLEMING: I have refrained from asking this witness whether he approves or disapproves of government policy. I have asked him to express an opinion, to confirm a fact, not to comment on policy. I have just asked him a question as to whether price and quantity of beef and pork have not been directly tied to the incidence of government policy.

The CHAIRMAN: I may be wrong, but I do not think there is any difference.

Mr. FLEMING: Oh yes. That is a very fair question.

Mr. LESAGE: Mr. Chairman, I think the decision of the chair is well taken. After all, this witness is a civil servant, and in answering that question he will have to say to what extent the market price and the supply are affected by government policy, and in so doing that he will have to express an appreciation of government policy.

The CHAIRMAN: Yes.

Mr. LESAGE: And it would be unfair to ask him such a question, because he has to state an appreciation as to what extent it is affected directly or indirectly and in saying that he would be giving an appreciation of government policy.

Mr. THATCHER: If every time we try to ask questions we are going to be told, that is a matter of government policy, it seems to me that we are not going to be able to get very far.

The CHAIRMAN: I think, Mr. Thatcher, you will agree with me when I say that in this committee we have not had much difficulty on that score so far.

Mr. THATCHER: No.

The CHAIRMAN: But I would suggest that the point I have made is well taken, I think.

Mr. MAYHEW: Would it not be fair to say that the shortage all over the world today, and particularly in Europe, has also had an effect on our supply position, on our costs and on our prices here?

Mr. MERRITT: There is the very point. Now, Mr. Mayhew is saying it is fair to discuss the reasons for government policy. Mr. Fleming is not intending to call for comment of that kind in his question with respect to government policy. He simply asks a question on the fact. And I suggest to you that it is a question which should be answered, and then members of the committee can make up their own minds as to whether government policy is right or wrong, or to be changed or to be left alone. Mr. Mayhew's suggestion would bring into question government policy itself. Mr. Fleming, I submit, is quite correct in his position.

Mr. LESAGE: But, Mr. Chairman, would not the witness in his answer have to give an appreciation of government policy?

Mr. FLEMING: Well, Mr. Chairman, I think you have to make a ruling on this question. I have asked the witness a question, and you have indicated that you did not think it was fair to ask of this witness. I suggest that you either rule that the question can be answered or it cannot be answered.

Mr. LESAGE: I think before taking a vote—

The CHAIRMAN: We are not going to take a vote.

Mr. LESAGE: —we should ask this witness if he can answer that question without giving an appreciation of government policy.

The CHAIRMAN: Now, Mr. Fleming—order please, gentlemen—may I suggest that we do not need a ruling. We all want to get the facts in this case. I am of the opinion, Mr. Fleming, very strongly; and I am doing it in fairness to this witness; that I do not think it is fair to him to ask that question. I may be right,

or I may be wrong. That is a matter of judgment. What I suggest to you is, that this is not the witness to give us that information. You can get that through other witnesses. I did not think it is fair that he should be put in that position: and I think if he were allowed to say so, he would say that.

Mr. FLEMING: All I can do is to repeat; I haven't asked him for an opinion with respect to government policy. I have not asked him whether he approves of it or disapproves of it, and I do not propose to ask him that, because of the fact that he is a civil servant.

The CHAIRMAN: What you are saying is, is this tied in with government policy. I said I thought that was an unfair question.

Mr. THATCHER: He could say whether it is tied in or not.

The CHAIRMAN: There is another way of getting that in the form of evidence: and there is another way of getting the same information, just by asking the witness what are the facts.

Mr. MERRITT: Is it a question of whether it is fair to the witness or fair to the government. That is the point which arises in my mind.

The CHAIRMAN: I suggest, Colonel Merritt, that you do not raise issues that have not yet appeared in this discussion.

Mr. MERRITT: You are raising the issues if you do not allow the question.

The CHAIRMAN: I suggest to you, do not raise issues that have not yet been raised.

Mr. KUHL: Could not the witness be permitted to answer the question if he wants to?

The CHAIRMAN: Lets get on. What was it, again?

Mr. FLEMING: The witness has made a certain statement and I have asked him if he would care to answer the rest of my question; the connection between prices and quantities on the one hand and government policy on the other; and I was asking him if those two factors are not tied together.

The WITNESS: I thought I had answered the question; at least, my interpretation of your question, Mr. Fleming. I have already stated that the domestic prices in Canada are to a large extent in so far as pork is concerned determined by the export price. The export price, as has already been stated, is a matter of government policy; if you want me to put it that way—it is a negotiated contract with respect to supplies. I can't go any further than I already have in so far as supply is concerned. Ever since the 1st of September of last year the domestic market has had first claim on available supplies in Canada. There has been nothing requisitioned for export, and at all times there has been a surplus of meat over and above the domestic market available. That is about as far as I can go and I hope I have answered the question.

Q. I think you have repeated—and I say this in all fairness to you—you have repeated what you said before. I was trying to put the situation in a nutshell if I could. The supply which came on the market in the free period of the last quarter of 1947 was the result of the change in government policy at that time. The increase in the price of pork that occurred in the first quarter of 1948 was, shall I call it, an incident of government policy—or inter-government policy? That is correct, is it not? That in turn resulted in a situation where there was an increased domestic demand for beef? Those three things all stem from government policy. Is that not a fair statement?—A. That is a fair deduction.

Q. Yes.

By Mr. Thatcher:

Q. I would like to ask Mr. Pearsall one thing about the British contracts. I presume you have something to do with the negotiations of the British contracts?—A. Yes.

Q. How do we stand at the moment? For how long have we a contract? Are we in the process of negotiating a contract or just how do we stand at the moment as far as the sale of hogs to Great Britain is concerned?—A. I think that question has already been answered in the House by the minister. He has made statements with respect to the matter.

Q. Perhaps I missed them; can you just repeat what he said?

Mr. LESAGE: I think we had better suggest to Mr. Thatcher that he look up *Hansard*. We cannot ask the witness what the minister said in the House and the witness cannot answer without having *Hansard* in front of him.

Mr. THATCHER: I would like to know how we stand on the British contract?

Mr. LESAGE: Look at *Hansard*.

Mr. THATCHER: No, no.

Mr. LESAGE: It is all there.

Mr. THATCHER: Is there something secret about it?

Mr. LESAGE: No, but it is in *Hansard*.

Mr. MAYBANK: I should think, Mr. Chairman, that it is all right to ask questions about our situation under the contract where it is all public knowledge, but surely to put it in the way which Mr. Thatcher has—"how do we stand on it?"—is not fair, and he should be a little more definite. Does Mr. Thatcher ask whether the government is engaged in some re-negotiation? Does Mr. Thatcher ask whether the government is getting ready to break off the contract? Does Mr. Thatcher mean we are in danger of not having a British contract? Does he mean how much did we ship last month—or just what is the meaning of his question. There would not be any objection to the question if it were not for the fact that it appears to be trenching on government policy, and when it gets to that point I suggest the question should be much more definite in order that we may be able to determine whether it is an objectionable or permissible question.

By Mr. Thatcher:

Q. Have we at the moment signed a contract with the United Kingdom for so many hogs and for a certain period, two years, or three years, or just how do we stand?—A. The contract for 1948 is for 195,000,000 pounds of bacon.

Q. We have no contract for 1949 at the minute, no signed contract?—A. No signed contract.

Q. But are we in the process of negotiating a contract?

The CHAIRMAN: Remember what we in this committee are doing. Surely what is going to happen in another year is not our immediate problem.

Mr. THATCHER: Surely, Mr. Chairman, whether we have a British contract which, as Mr. Pearsall said, largely determines the domestic price, is relevant.

Mr. MAYBANK: I submit that is quite right with respect to the future, but where I would object is that whether we have a British contract or not in 1949 is not a matter of importance when we are considering the prices in 1947.

The CHAIRMAN: That is the point I was trying to make.

Mr. MAYBANK: I do not think what is going to happen after you have reached heaven is of any influence when considering a sin you committed last month.

Mr. THATCHER: All right.

Mr. DYDE: There is a page of exhibit 99 which I was going to ask Mr. Pearsall to look at and perhaps the members of the committee might also look at it. There are certain factual matters which might assist us. My understanding is that this page of the exhibit was prepared by your officers or in your office?

Mr. MERRITT: Before you go on with that, Mr. Ddye, are we bound, under the present bacon contract, to deliver that amount of bacon—195,000,000 pounds, or is that a target to be reached?

The WITNESS: I think the wording of the contract is that the Canadian government undertakes to supply—and it implies a moral obligation, but whether it implies a legal obligation has never been decided by way of interpretation of the contract.

Mr. MERRITT: Your answer is, it is a target and not a fixed commitment.

The WITNESS: That is correct.

By Mr. Thatcher:

Q. Are there British officials here at the present time negotiating on these contracts?—A. Which contracts?

Q. The contracts for 1949?—A. Not to my knowledge.

Q. Are there any Canadians in England negotiating?—A. I can answer that question by saying not to my knowledge, but that does not say that negotiations are not proceeding without my knowledge.

Q. 1949 is only seven or eight months away, and does not your department carry out these negotiations quite a bit ahead or are you sure enough that you have a contract for next year that you are not worried?—A. No, I do not think that is the case.

Q. Whether or not we obtain a British contract is going to set a price level in future months is it not?—A. The price of export bacon in 1949 will certainly affect the domestic price.

Q. Is not the government worried about that?

The CHAIRMAN: I suggest now that we get back to the discussion of the present rise in prices.

By Mr. Merritt:

Q. I just want to ask one more question. Even though the contract for delivery may not be a fixed commitment it is bound to affect the domestic price of pork because morally at least it removes that much pork from the domestic market in 1948, is not that correct?—A. I do not think the quantity is important. The fact is the price is set and as long as that price is paid for export bacon that price will determine the price on the domestic market.

Q. So the quota does not affect the price?—A. If we had less than 195,000,000 pounds, and unless we restricted supply in the domestic market to secure it, it would not affect the domestic price at all.

By Mr. Fleming:

Q. Just on that question of the adequacy of the supply, Mr. Pearsall, I would like to ask whether it is likely that Canada will fulfil that objective of 195,000,000 pounds?—A. Yes, the prospects are at the moment that we will have something probably slightly in excess of that amount, over and above the domestic requirements.

Q. There may be a time when the meat board will not be purchasing for the purpose of fulfilling the U.K. contract requirements?

The CHAIRMAN: I do not see what your question has to do with our problem and I am ruling it out of order. The question certainly has nothing to do with our terms of reference and let us keep to the present time and ask questions relative thereto.

Mr. THATCHER: The answer to the question may be a factor with respect to present prices.

Mr. FLEMING: Yes, it might be a factor, having to do with present production and the effect on prices today.

The CHAIRMAN: You are talking about a period way off in the future.

Mr. FLEMING: I am talking about this year's contract. I asked the question because I did not know what the answer would be. It is quite possible that if the contract did not promise to take off the hands of the Canadian producer all his surplus over and above the requirements of the domestic market, there might very well be a surplus which would reflect itself in reducing prices on the domestic market. If the converse is the situation and the meat board is not tied to 195,000,000 pounds but proposes to go on and draw on the domestic production to fulfil further requirements abroad, that would be a factor in keeping prices up and perhaps would reflect itself back into price today.

The WITNESS: I think this a fair comment to make. It is hardly likely or it is not reasonable to assume that the domestic supplies would be restricted to fill either the United Kingdom commitment or any other commitment. In other words the domestic market will continue as it is at the present time—that is having first call on all of the supplies. Secondly it is hardly likely during any time in the balance of the year that there will not be sufficient pork every week of the year to more than meet the domestic requirements.

Mr. FLEMING: At prevailing prices?

The WITNESS: I have already stated the price will be the export price.

Mr. FLEMING: Do you say—

The WITNESS: May I finish? I think, Mr. Fleming, that I should incorporate this in my statement. In the event that our total surplus should be in excess of the 195,000,000 pounds it is reasonable to assume that some other alternative export outlet will be found for that product. After all, the farmers of this country have been given an assurance of a floor price, and I think what I have indicated is a reasonable assumption.

Mr. FLEMING: Then would it follow, Mr. Pearsall, from what you have said about our relationship to this object of 195,000,000 pounds, that the present export price will continue throughout the entire year of 1948 and that fact will determine the domestic price in 1948.

The WITNESS: That is the only thing I can assume. It is a contract which is written for a year and I assume that is the answer.

Mr. FLEMING: And there would not be any change in the pork price this year—in 1948?

Mr. LESAGE: In what price?

Mr. FLEMING: Just a moment.

Mr. LESAGE: The price to the consumer may change if the retailers and the packers take less.

Mr. FLEMING: Let the witness make his answer, please?

The WITNESS: I can only assume the U.K. contract will be carried out and will be continued throughout the year.

Mr. THATCHER: There is no intention to the contrary that it might have to be cancelled?

Mr. FLEMING: Please let the witness answer?

The WITNESS: I can only assume the U.K. contract will be carried out and implemented throughout the year.

Mr. FLEMING: At the agreed export price?

The WITNESS: At the export price.

Mr. FLEMING: And then I can only assume—

The CHAIRMAN: Order, order—Mr. Fleming, you must recognize the chair. I have let this line of questioning proceed but this witness has told you three times that the export price will determine the domestic price, so why persist?

Mr. FLEMING: I am simply asking him—

The CHAIRMAN: May I finish—may I finish? Why ask him that question, particularly when I do not think it has any bearing on the terms of our reference. We are here to examine the recent rise in the cost of living, Mr. Fleming, and surely I can appeal to you to use your good judgment in this matter.

Mr. FLEMING: I asked the witness one question—a final question—which he did not answer. I was broken in upon by others, and I came back to put the witness on the track which I was following leading up to this final question, which is a final question surely revolving around the nub of our problem regarding the cost of living.

The CHAIRMAN: The witness has already told you three times.

Mr. FLEMING: He has not answered the final question and that is the reason I am asking it.

The CHAIRMAN: What is the question?

Mr. FLEMING: Does it not come down to this, Mr. Pearsall, there will not be any change in the domestic price of pork in 1948?

The CHAIRMAN: He has answered that three times.

Mr. LESAGE: On a point of order, I have an objection to the question. I would like Mr. Fleming to say what he means by the domestic price of pork. If he means the wholesale or retail price there are so many factors there, such such as the profits to the packers, the profits to the retailers, the margin taken by each, that in my opinion the question cannot be allowed to go as it is.

Mr. THATCHER: Mr. Lesage is out of order.

Mr. LESAGE: No, no.

The CHAIRMAN: Let us keep our bearings. Mr. Lesage has raised a point of order.

Mr. LESAGE: I think Mr. Fleming should say what he means by the domestic price?

The CHAIRMAN: Mr. Fleming will help us there.

Mr. LESAGE: What price is it? The price of the carcass, the wholesale, or the retail price—

The CHAIRMAN: Let Mr. Fleming help us.

Mr. FLEMING: I am simply taking the expression the witness has used—in other words the price that is related to the UK contract—and he went on from there to say, if I may repeat his answer, that it was the export price which set the domestic price.

The CHAIRMAN: He has told you that a dozen times.

Mr. FLEMING: I simply asked the question of the witness as to whether he would say the domestic price is not going to change in 1948?

Mr. LESAGE: May I have an answer from Mr. Fleming?

The CHAIRMAN: Let us just keep order. There are only sixteen of us and we should carry on without too much pandemonium. I know we are all tired, we have worked hard this week, but just let us proceed one at a time.

Mr. LESAGE: In reply to Mr. Fleming I asked that he qualify his question and he has refused to do so. I do not want to imply that he has anything in mind in so doing but I do not see any purpose for his refusal to qualify the question, other than to try and confuse the issue.

Mr. THATCHER: Let the witness answer.

The CHAIRMAN: May I just say something? Order please, I do not think Mr. Fleming is trying to confuse the issue.

Mr. LESAGE: No?

The CHAIRMAN: I do not think he is. Let us just get back to our examination. I think Mr. Fleming has received all the information he wants.

Mr. FLEMING: I was just asking one question and I was through. I am still waiting for the answer.

Mr. LESAGE: What does Mr. Fleming mean by the domestic price?

Mr. FLEMING: I used the same expression in three or four questions which I asked in leading up to this question and the words were also used by the witness in his answers.

Mr. LESAGE: What do you mean?

Mr. FLEMING: What does the witness mean? Just let the witness give his answer.

The CHAIRMAN: Yes, give the answer.

The WITNESS: I have already stated that in general the export price determines the domestic price.

The CHAIRMAN: Surely that is all anyone could desire.

Mr. FLEMING: We have had that before.

The CHAIRMAN: That is why I am asking you not to proceed with the question. We have had the answer a dozen times.

Mr. FLEMING: We have not had the answer to this final question. Can I not have the answer to my question?

The CHAIRMAN: Have you any more to say, Mr. Pearsall?

The WITNESS: Yes, I would like to add that after having stated the general principle, which is true, the fact still remains that for probably a few days and in certain sections of the country—the maritimes or British Columbia—there might be a shortage of pork. During the summertime there might be a shortage when the hog runs are short and the packers are collectively bidding for hogs with which to keep their plants running. In answer to Mr. Fleming I would say that there are a thousand and one things which might happen to bring sligh variations in the domestic price in Canada, notwithstanding the fact the expor price will be the same over the period. In principle, however, the export pric will determine the domestic price. I would not say the domestic price is no going to be changed fractionally in different parts of the country for short period throughout the year and there are a lot of things that might happen.

Mr. FLEMING: You mean these fractional things that might happen woul probably be due to local supply conditions?

The WITNESS: Yes, I have seen the Montreal hog market do some funn things in the summertime. I have also seen funny things happen in other place but I would certainly not answer your question in the affirmative. I still repea however, that in principle the export price will determine the domestic price bu there will be variations.

By Mr. Lesage:

Q. I understand, Mr. Pearsall, when you say domestic price you are referrin principally to the warm dressed carcass price?—A. Yes.

Q. And there are a good many factors enter into the wholesale price of pork What you have said relates more particularly to the dressed carcass?—A. Ye

The CHAIRMAN: Mr. Dyde has some questions.

By Mr. Harkness:

Q. There is one question I have been wanting to ask for some time on this. Accepting the fact that I have tried to establish with the witness previously, that the export price does determine the price of pork; was it necessary in order to ensure a sufficient supply of pork and meat on the domestic market and our export commitments to increase the British contract price?—A. I suppose you can get as many answers to that as you would ask questions to different farmers. Each one would have his own idea.

Q. What is your answer to that?—A. My answer to it is this: In a general broad way when the price increase effective of the 1st of January—I am not going to say within 50 cents or a dollar—but at approximately the price increase that took place, that it was necessary to restore the relationship between hog prices and grain prices, if it was considered desirable to maintain hog production in Canada.

Q. Had this increase not taken place more or less in the amount that it did take place, within 50 cents or a dollar, in your opinion would the production of hogs have fallen, with the result that we would not have been able to meet domestic and export demand?—A. That is pretty difficult to answer. On the other hand, I think it would be reasonable to assume that the relationship you had between grain prices and hog prices last fall your barley-hog ratio was something around 14½ cents—that is my recollection—and with the prices prevailing for grains it would be reasonable to assume that by 1949, the hog production of Canada might have reached the place where our surplus was, shall we say, negligible.

Mr. THATCHER: That would not have been true, Mr. Pearsall—

The CHAIRMAN: Order, Mr. Harkness has not finished.

Mr. HARKNESS: Is it not the crux of this whole recent raise? Was it not attributable to the fact that the increase in price was necessary in order to have a sufficient supply of pork to meet demands? What I am trying to get at is the basic reasons, Mr. Chairman, for the recent rise in the price of pork; and from the evidence of this witness and previous witnesses it seems to me that that is a basic reason—in order to ensure a sufficient supply of pork there had to be that increase.

Mr. THATCHER: Have you—

The CHAIRMAN: Just a minute, Mr. Thatcher; lets not be so enthusiastic. Mr. Harkness is asking strictly proper questions. I do not think it is helping if you do not give the witness time to answer. I am sure you will appreciate what I mean.

The WITNESS: What was your question, Mr. Harkness?

By Mr. Harkness:

Q. The question is that the increase in price as far as pork is concerned essentially has been brought about by the necessity of ensuring a supply. If the price had not been increased then we would not have ensured, and we would not have been sure of a sufficient supply to meet domestic requirements and also being able to meet our export commitments.—A. I have already stated that. In other words, I think it is reasonable to assume that if there had not been a very substantial increase in the export price—at the same time I am not going to say whether it should have been \$6 or \$7—if there had not been a very substantial increase in the pork price it would have been reasonable to assume there would have been a very drastic and sharp reduction in hog production which would have affected our supplies in 1948 and 1949. Now, whether it would have the same effect on our supply of beef to a point where we would not have had a surplus for export or not, that would be a debatable point; but it certainly would have brought about a reduction of supply.

Q. Then, Mr. Pearsall, to what extent is the same thing true as far as beef is concerned? It is not true to anything like the same extent, but to what extent do you think that same situation would affect beef?—A. Well, your beef is a long term proposition. It is a three-year cycle, and probably would have brought about a gradual decline in beef production during the next two or three years which would have affected the supply in say 1950 and 1951. But I do not think it was in any way as important as in hogs, because there is less grain used in beef.

Mr. HARKNESS: Yes. Mr. Chairman, I would submit that as far as the work of this committee is concerned in investigating the increase in the price of pork that we have heard the answer to it in the last few minutes.

Mr. THATCHER: No, no.

Mr. HARKNESS: In other words, it was brought about and due almost entirely to the fact that the increase was required in order to keep the producer producing in sufficient quantity to meet our own domestic demands plus our export commitments.

Mr. THATCHER: No, Mr. Chairman. Have you finished, Mr. Harkness?

Mr. HARKNESS: Yes.

Mr. THATCHER: Mr. Pearsall, when you say that in order to get people to finish hogs and beef the price went up, did not that also mean that the hog-barley ratio also had to go up?

The CHAIRMAN: This is a good question.

By Mr. Harkness:

Q. Am I not correct in saying that the hog-barley ratio during the three months immediately following the removal of controls on feed grain went up very substantially?—A. The increased price on feed grains certainly affected the hog-barley ratio.

Q. And that was after the ceilings were removed?

The CHAIRMAN: Order. It is hard to hear.

Mr. THATCHER: It remained at the figure you stated while controls were on, but when controls went off the price of feed grains went up, with the result that that ratio also had to go up?

The WITNESS: That is correct.

Mr. THATCHER: Well then, when Mr. Harkness says in order to be able to maintain production; that is not correct, is it? Because had the ceilings stayed on they would not have had to go up and the farmer would still have been as well off.

Mr. LESAGE: Mr. Chairman, is that a question?

The CHAIRMAN: It is all right. He has put his question.

Mr. THATCHER: Is that not correct?

Mr. MAYBANK: That the farmer would have been as well off; is that the conclusion?

Mr. THATCHER: If controls had stayed on.

The WITNESS: The farmer would not have been as well off.

Mr. THATCHER: I mean, from the standpoint of the producer; would he not have been as well off if they had stayed on?

The WITNESS: It all depends on which farmer you are talking about; if it is the farmer feeding hogs, it is true; but with respect to the one who raises grain, that is not true.

Mr. THATCHER: We are talking about the one who raises hogs.

The WITNESS: A lot do both.

Mr. THATCHER: All right. I am satisfied.

The CHAIRMAN: All right. Counsel has some questions he wants to put to this witness.

By Mr. Dyde:

Q. A number of the questions I intended to ask, Mr. Chairman, have already been discussed, but there is one point on which I thought Mr. Pearsall could help us, and it has been raised in committee a number of times; and that is this, Mr. Pearsall—you may, if you require to, have reference to the first page of exhibit 99. I am not sure that you need to refer to it. When the contract was renegotiated effective January 5, 1948, with the United Kingdom how did you handle the matter of meat in storage at that time? I mean, inventories in the hands of the packers. It involves a question as to when you take title to the meat, I think. Bu we have been confused about that point and I think you can clear it up for us.—A. Specifications for beef that is offered to the Board provide that it must be offered not later than 5 days after slaughter. During the first week of January, after the price was increased; our inspectors at the plant—were instructed to identify the day's slaughterings; and any slaughterings prior to December 31, would be settled for on the 1947 price. Since we would not accept beef unless it is offered in the fresh form that rules out any storage stocks at all. So as far as the Meat Board is concerned on beef the packers did not benefit on any storage stocks or on beef slaughtered prior to January 1. On pork, each week the packer is required to file a statement showing the quantity in store and the quantity put into the freezer on account of the Board. That statement is signed by an officer of the packing plant and has to be certified to by the resident officer representing the health of animals branch in each plant. Any Wiltshire sides or export sides that were in freezer for the account of the Board prior to December 31, would be settled for as on last year's price; it has to be invoiced separately and identified separately. That is true of normal supplies. On domestic product and various cuts in storage, the Board would take no cognizance of those and any inventory appreciation there was would accrue to the packer. Does that answer your question?

Q. Yes. Now when do you actually settle with the packer, when you accept delivery of the pork and the beef?—A. Yes.

Q. I am thinking of the actual passing of title to the meat, Mr. Pearsall; when does that take place?—A. Well, in actual fact, no title passes to the Meat Board at all. It passes through the Meat Board to the British Ministry of Food.

Q. Then, what is the procedure?—A. The actual procedure is the title transfers at seaboard when it is loaded on board ship. Then it becomes the property of the British Ministry of Food. In actual practice the packer reports each week the quantity in cure. It must be invoiced out according to allotment, each week is put down and identified by an allotment number. When the product comes out of cure, it is loaded on to a car and shipped to seaboard. At that time the packer sends an inland bill of lading and an invoice covering it to the Meat Board. The invoices are made out from the packers to the Ministry of Food. They are accepted by us on behalf of the British Ministry of Food, for the account of the British Ministry of Food and shipping documents are made out from the packer to the Ministry of Food. On receipt of the invoice and the inland bill of lading our treasury officers pay each Friday. A settlement is made with the packers. It has got to be loaded on board ship, and when we receive the on-ship bill of lading; we present the invoice with the on-ship bill of lading to the British Ministry of Food and collect from the British Ministry of Food.

Mr. DYDE: I have no further questions, Mr. Chairman.

Mr. THATCHER: Who pays the storage charges? I understood you to say that the packers have to store meat for the Board.

The WITNESS: The Board reimburses the packers for the products stored for export which is stored according to our instructions.

The CHAIRMAN: Mr. Dyde now wishes to call Mr. Grisdale.

By Mr. Harkness:

Q. I have just one other question; you still have power to requisition beef and pork in order to meet the United Kingdom agreement if you want to do so, have you not?—A. I am afraid I cannot answer that question. My recollection is that there is authority under the Agricultural Products Act.

Q. I think so, yes.—A. But it has to be secured through order in council. Just at the moment there is no order in council. We haven't got that authority. Presumably it could be secured by order in council under the Act, but at the moment we haven't got it.

Q. The situation at the moment is that the only meat you get is surplus meat and meat which cannot be sold domestically?—A. That has been the situation since the 1st of September.

Frank Sydney Grisdale, Co-ordinator of Foods, Wartime Prices and Trade Board, called and sworn:

By Mr. Dyde:

Q. What is your full name?—A. Frank Sydney Grisdale.

Q. And what is your address?—A. 490 Sussex street.

Q. It is a very narrow point upon which I was going to ask you questions this morning. I will give you some indication of my reason for so doing so that you can perhaps give the information more quickly. It may be necessary for this committee to inquire into the amount of retail margin in the sales of meat and there are some matters with reference to retail margins on which I think we can receive assistance from you. I am referring specifically to the negotiations which took place while the Wartime Prices and Trade Board was active and while price controls remained, and I am speaking with reference to the fixing of the retail margins. We have as an exhibit your beef order A2032 and if you wish to refer to it I can put it in front of you. I am sure, however, that you are familiar with it. I would like you to tell the committee as briefly as you can the history of the negotiations and the decisions which were made with regard to fixing the retailer's margin while controls existed?—A. You have reference to what happened after we passed out of the basic period on prices?

Q. No. I have reference really to the work which the Prices Board did leading up to order A2032 which we have here exhibited and which does set a retail margin. Would you tell the committee the nature of the negotiations from the beginning because there are one or two points which I would like to cover?—A. When we brought out the first beef order setting the mark-ups at the retail level we made a survey of the mark-ups that retailers had been taking during the year prior to the time at which we issued the order. That gave us a basis from which to start. There was a great variation indicated and some of the retailers were taking as low as 2 cents per pound in some parts of Canada, some of them were taking as high as 11 and 12 cents per pound, and some of those operators were not very far apart. The Wartime Prices and Trade Board has a Foods Division and we in the Foods Division had a pretty definite opinion to what a retailer's mark-up should be. Then in the Wartime Prices and Trade Board we had what we called the distributive administration, and in that way we had a wholesale administrator and a retail administrator dealing with the two types of trade. Those administrators were the contacts with the trade. We were interested primarily in the consumer and the producer, and we were interested in maintain

ing as low a consumer price as we could. There were definitely different views among the food officials as to what constituted a proper retailer's mark-up and that difference was present in the other administrations in the board—that is those dealing directly with the trade. I am speaking of a period six years ago and one's memory may not be too accurate. For that reason I would like to say that I am expressing statements here based on things which happened six years ago. As far as I know our view was we might have a set of retailer's mark-up on the basis of 5 cents a pound for beef, but there were other views from the distributive trades which felt that the mark-ups might be considerably higher. After considerable negotiation between the representatives of the different branches of the board, and facing the possibility that the chairman of the board might have to make a decision, it was agreed that the mark-up would be 7 cents

Q. Per pound?—A. Yes, sir. The wholesale beef prices as they were at that time meant that the mark-up would be about 24 per cent. At that time the ceiling on the best quality beef based on Toronto was 19¼ cents—carcass basis.

Q. When you say 24 per cent are you expressing that percentage on the sale value?—A. That is true.

Q. That is the retailer's price?—A. That was not cost, it was sale price.

Mr. MERRITT: May I ask one question? Was that margin given on all cuts and on all qualities?

The WITNESS: That is the average.

The CHAIRMAN: It averaged out that way?

The WITNESS: Yes.

Mr. FLEMING: With respect to that last question, I would like to be quite clear. You have given the percentage of mark-up to the ultimate price to the consumer—just as we had it with respect to fruits and vegetables?

The WITNESS: That is right. I would say with respect to beef we made three or four advances in the wholesale price after the first ceilings were established, and we attempted to keep the percentage mark-up pretty close to what it had been in the original instance. We did not succeed in having it maintained on a cents per pound mark-up basis as we were successful with butter, but in 1946 we did arrange the orders so that the retailers were getting about 23 per cent on red and blue quality. In other words, they were getting a lower percentage on red and blue quality beef after that amendment—the order about which Mr. Dyde spoke—than they were getting at the outset of controls. As far as the other qualities of beef were concerned they received 26½ per cent mark-up. That just removed beef altogether from a cents per pound mark-up basis.

Mr. DYDE: That was the only point upon which I wanted Mr. Grisdale's explanation this morning. Mr. Taggart can also add something on the particular point. My purpose of course is to give us some information as to how these retail margins were fixed under price controls, so that we may have some yardstick by which we can look at the retail margins after controls went off. As far as I am concerned those are the only questions I wish to ask of Mr. Grisdale.

By Mr. Fleming:

Q. May I clear up one or two points, Mr. Chairman? Mr. Grisdale, these prices in 1946 continued to the time when price controls were ended?—A. No, we advanced the price in March of 1947.

Q. What effect did that have on the percentage of mark-up?—A. We retained the same percentage of mark-up.

Q. 23 per cent on blue and red and 26½ per cent on other qualities?—A. 26½ per cent.

By Mr. Lesage:

Q. What did it mean in cents per pound at that time?—A. What was that?

Q. What did the percentage mean in cents per pound at that time?—A. Strange as it may seem it just makes about 7 cents per pound at that time.

By Mr. Fleming:

Q. You have spoken only of beef?—A. Yes.

Q. Did you have anything to do with pork?—A. Yes.

The CHAIRMAN: He had to do with the whole administration.

By Mr. Fleming:

Q. We have not had any evidence yet as to the mark-up with respect to pork?—A. You have a brief which Mr. Dyde presented that gives the details of those mark-ups as we had them. The percentage mark-up on veal and lamb had been held to around 26 per cent on sale price.

Q. And can you give us the figure on pork?—A. We held cured and smoked pork products at 25 per cent mark-up. We held the mark-up on fresh and cooked pork to 30 per cent but we never maintained a margin at cents per pound.

Q. That was uniform throughout the entire period of control?—A. That was after we put pork products on the same basis as beef products and we gave a retail ceiling price for each retail cut of pork. That was done in the spring of 1945. Actually it had been done in the basic period but each operator was allowed his own basic period mark-up.

Q. That change in 1945 would have the net result of increasing the mark-up?—A. It would, in some cases.

Q. I am speaking of the over-all result and it had the effect of increasing the mark-up.—A. I think it might have had, yes.

Q. That continued until the time of price decontrol in October?—A. Yes, although we advanced the wholesale price twice before that—between 1945 and October, 1947.

Q. You did not vary the retailer's mark-up?—A. We did not vary the percentage of mark-up.

Q. Have you any studies or the results of any investigations which you have made since price decontrol to determine what has happened to those retailer's mark-ups?—A. We have people who keep close checks on the price trends—weekly checks—but I am not in a position to give the details now.

Mr. DYDE: I might interject there that Mr. Grisdale and I are at present considering what we can do in the way of bringing forward information along those lines. I am hoping that by Monday we will have the information to give you.

Mr. FLEMING: That will cover what happened from the time of decontrol up to the present time?

Mr. DYDE: Yes.

By Mr. Lesage:

Q. Was there a maximum mark-up when the ceiling was set at the basic period mark-up?—A. Did each retailer have a ceiling?

Q. Each retailer had his own ceiling?—A. Yes, that is right.

Q. Yes, but was there a maximum?—A. Yes.

Q. On pork?—A. No, we did not have a maximum except the maximum which each operator had established himself, but we did have a maximum with respect to beef.

Q. Yes, I understand that.—A. Before we put out the order we had a maximum.

By Mr. Fleming:

Q. Did you have much difficulty in enforcing those ceilings as far as retailers were concerned?—A. We had some difficulty at times, yes.

Q. There have been a lot of prosecutions?—A. A tremendous lot, but you would expect that with thousands of retailers operating over a very large area.

The CHAIRMAN: We will now call Mr. Taggart.

Thank you very much, Mr. Grisdale.

James Gordon Taggart, Director of Agricultural Services, Department of Agriculture, called and sworn:

By Mr. Dyde:

Q. Would you give us your full name, please, Mr. Taggart?—A. James Gordon Taggart.

Q. Your address?—A. 417 Confederation Building.

Q. Your present position?—A. Director of Agricultural Services, Department of Agriculture.

Q. You were during wartime with the Wartime Prices and Trade Board?—A. For a year and three months, yes.

Q. What was your position then?—A. I was called Foods Administrator at first, and later Foods Co-ordinator—and sometimes a number of other names as well.

Q. I am going to bring you to one particular point. We have heard already from Mr. Grisdale about the fixing of the retail margins under controls; and Mr. Grisdale has referred us to the fact that some people had the view that the retailers' margin should have been 5 cents, or they had the view that it should have been much higher than that, and they finally settled for 7 cents a pound. Was that matter before you when you were with the Wartime Prices and Trade Board?—A. Yes, it was.

Q. And do you recall the circumstances of the fixing of that 7 cents a pound margin?—A. Yes, I recall the situation in general, although I should not like to try to answer questions with regard to exact facts.

Q. What was your own view at the time with reference to the retailers' margin?—A. I had no view at all at the beginning because I knew nothing about it. But we did endeavour to collect some information from a variety of sources, and the information that we got indicated a very wide variation between the different retailers and between different areas and even within the same area. Then, when we got closer to the question, the people who were concerned with this same problem were called into headquarters and we sat around a table in conference discussing it. Representations came in from the retailers—at least we understood that they had come from the retail people—and in the suggestions which came in I think it was said that the mark-up on beef should be anywhere from 9 cents to 10 cents or 11 cents, on the basis of the whole carcass weight. Some of us regarded that as a bargaining position and thought it was too high while perhaps others took a bargaining position at the other end of the scale and said 5 cents would be ample, or too much. The question then became one of whether the rate should be fixed on a basis of cents per pound or as a percentage of value. That question I think, finally was determined by the Board itself. After surveying the retail field, the Board decided that the practice had been so long established of basing the markup on the percentage, that it would be the accepted practice. Then we finally compromised on a price which translated itself to approximately 7 cents in terms of percentage. That is my recollection of how we got the percentage. It was not a thing that satisfied anybody particularly.

It was higher than the markup which some people had been getting and much lower than the markup other people had been getting; but it did appear reasonable under the circumstances that the retailer could live under it, and it did appear to have the vrtue of bringing down at least the higher prices that had prevailed. We also regarded it as a maximum, but not an exactly fixed markup.

Q. Was there any thought in your mind that you required the retailers' co-operation if it was to work at that level? Was that a factor in the decision? A. It must have been, although it was not particularly in the minds of the food administration people. We did not have our roots in the retail field and we did not perhaps fully appreciate the viewpoint of that section of the trade, but I am of the opinion that that factor did influence the over-all policy of the board.

Q. I have no further questions, Mr. Chairman.

By Mr. Fleming:

Q. Is the witness speaking about the same markups of which the last witness spoke?—A. Beef was the first item which we tackled in the meat field

Q. Yes, but your observations apply to the markups on beef, originally 24 per cent and then latterly 23 per cent on blue and red, and 26¼ per cent on the other qualities?—A. Yes.

Q. The margin on pork was 25 per cent—that is on cured and smoked pork—and 30 per cent on fresh and cooked pork?—A. Yes, but I had left the board long before those figures were arrived at in 1943 and 1944. I left the board in February of 1943 so I am speaking only of the initial stages of the discussion which led up to the decisions made with respect to percentage markups.

The CHAIRMAN: Thank you very much, Mr. Taggart.

The committee will now have an executive session.

The meeting adjourned to meet again Monday, May 3, 1948, at 11.00 a.m.

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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE ON PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 50

MONDAY, MAY 3, 1948

WITNESSES:

Mr. R. J. E. Hughes, Assistant to the Administrator, Meat and Meat Products, Wartime Prices & Trade Board.

Mr. Alfred D. Hales, Retail Butcher and National Director, Retail Meat Dealers' Association, Guelph, Ont.

Mr. W. W. Hussey, Retail Merchant and Director, Toronto Branch and Ontario Branch, Retail Merchants' Association, Toronto, Ont.

Mr. V. C. Davis, in charge of Meat Operations, Loblaw Groceterias Co., Limited, Toronto, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

MINUTES OF PROCEEDINGS

MONDAY, May 3, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudoin, Harkness, Irvine, Kuhl, Martin, Maybank, Mayhew, Merritt, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. R. J. E. Hughes, Assistant to the Administrator, Meat and Meat Products, Wartime Prices and Trade Board, was called, sworn and examined.
Witness retired.

Mr. Alfred D. Hales, Retail Butcher and National Director, Retail Meat Dealers' Association, Guelph, Ont., was called, sworn and examined.
Witness discharged.

Mr. W. W. Hussey, Director, Toronto Branch and Ontario Branch, Retail Merchants' Association, Toronto, was called, sworn and examined.

At 1.00 p.m. witness retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Beaudoin, Harkness, Irvine, Kuhl, Martin, Maybank, Mayhew, Merritt, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. V. C. Davis, in charge of Meat Operations, Loblaw Groceterias Co., Limited, Toronto, was called, sworn and examined.
Witness discharged.

Mr. W. W. Hussey was recalled and further examined.

At 5.45 p.m. witness discharged and the Committee adjourned until Tuesday, May 4th, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 3, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: Gentlemen, the meeting will come to order. Before we proceed, Mr. Mayhew, I would suggest that you might arrange to have a meeting with Mr. Ashbury sometime tomorrow afternoon.

Mr. MAYHEW: Yes.

Mr. THATCHER: Is he the steel controller?

The CHAIRMAN: Yes.

Reginald Joseph Edward Hughes, Assistant to the Administrator of Meat and Meat Products, Wartime Prices and Trade Board, called and sworn:

Mr. THATCHER: Has Mr. Hughes brought a brief, Mr. Dyde?

Mr. DYDE: No.

By Mr. Dyde:

Q. No. What is your full name, Mr. Hughes?—A. Reginald Joseph Edward Hughes.

Q. And your address?—A. 200 Stewart Street, Ottawa.

Q. You are an official of the Wartime Prices and Trade Board?—A. That is right.

Q. What post do you occupy?—A. Assistant to the Administrator of Meat and Meat Products.

Q. There was provided to the committee a document which has since been marked exhibit 94, which document contains a number of wholesale and retail prices both in beef and in pork. I refer for the minute to the second sheet of that exhibit which is a comparison of prices of selected red brand beef cuts at retail with former ceilings. Also I refer to the sixth sheet which gives a comparison of prices of selected pork cuts, wholesale and retail, with former ceiling prices. The prices on those two sheets were provided to the committee by the Wartime Prices and Trade Board and, I understand, Mr. Hughes, you were the officer who made up the lists of prices? That is correct, is it not?—A. That is correct, yes.

Q. Then I would like you to explain to the committee the method that was adopted in making up those lists of prices?—A. Before I go into that I would like to read into the minutes a memorandum that was sent to all regional offices of the Wartime Prices and Trade Board under date of October 23, and I think the reading of this document will give a background to what I might say. It is headed:

"To all Prices and Supply Representatives"—The officers in charge of the various regional offices.

Mr. IRVINE: Who is the author of the memorandum?

The WITNESS: Mr. F. S. Grisdale. It is headed "Price survey, meats." By the way, as an explanation, I would like to say that memoranda of this type are forwarded to the various regional offices by the secretary of the regional offices division who naturally would sign this memorandum which reads as follows:

> The foods co-ordinator has asked that you be instructed as follows: Now that ceilings have been removed on all meat products it is deemed advisable to ascertain the meat price fluctuations at both wholesale and retail trade levels. Accordingly we would ask you to make a price survey each week until further notice. This survey should be made immediately upon receipt of these instructions and weekly on Thursdays thereafter and should cover wholesale and retail prices of beef, pork, veal, and lamb. You will find enclosed sample wholesale and retail survey forms which are forwarded to you as a guide to the various cuts which should be priced. The retail survey should cover a number of independent retail markets and chain stores. The wholesale survey should include both the large and small operators, and a report should be mailed to reach this office each Monday morning.
>
> (Signed) F. S. GRISDALE,
> *Co-ordinator of the Foods Co-ordination Division.*

It was following the forwarding of that letter that survey reports were received by the board showing the various prices of the cuts which we had suggested that they survey. From those reports each week an average price was arrived at and that is the price which is shown in Exhibit No. 94. That follows right through the period from October 23 until March 30.

Mr. MAYBANK: And it is still going on?

The WITNESS: The survey is still being continued. This was strictly for internal information and to get the trend of prices following the suspension of ceilings. We get the feeling of the trade, the feeling of the markets, and we knew just what the housewife would be paying in the various cities. I think the survey you have covers these principal cities—Montreal, Toronto, Halifax, Winnipeg, Edmonton, and Vancouver. We received a number of reports and from the information I have in the city of Montreal twenty-nine independent stores have been surveyed. The same stores are not surveyed each week. To get a fair picture different stores have been approached over a period. It was found when an investigator made his survey it took a considerable amount of the time of the store proprietor and in fairness to the proprietors we spread the reports as broadly as possible. In Montreal twenty-nine independent stores and four chain stores were surveyed; in Toronto nine independent stores and four chain stores were surveyed. Chain stores would include departmental stores because in our survey we treat them on the same basis. In the city of Halifax there were thirteen independent and five chain stores surveyed. I understand there are several small chains independently owned in Halifax. In Winnipeg six independent stores and three chain stores were surveyed; in Edmonton seven independent stores and three chain stores were surveyed; in Vancouver eight independent stores and four chain stores were surveyed; a total of seventy-two independent stores and twenty-three chain stores being surveyed. You will understand that certain chain stores will be duplicated because there will be a chain in Montreal which has branches in Toronto and Winnipeg, and possibly that will be true of some of the independent stores. In arriving at the average prices the chain and independent store prices were used because we felt that was the average price prevailing in the cities in which the information was collected, and that it would reflect the average price which the housewife would have to pay for the various cuts of meat.

Mr. DYDE: With reference to the sixth sheet which is the comparison of the prices of selected pork cuts, wholesale and retail, does the price as given there include sales tax?

The WITNESS: The retail price would include sales tax.

Mr. THATCHER: Are you referring to page 2 of this document?

Mr. DYDE: I am referring to the sixth page of Exhibit 94. The page itself is not numbered but it is the sixth sheet.

The WITNESS: The retail price would include sales tax but the wholesale price would not include sales tax.

Mr. DYDE: I have no further questions of this witness.

The CHAIRMAN: Are there any further questions by the members of the committee?

Mr. MAYBANK: There is a difference of 8 per cent between the wholesale and retail prices which is not accounted for at all?

Mr. DYDE: I should have perhaps made that clear. Sales tax is applicable on what cuts of those included on the chart?

The WITNESS: Sales tax is applicable on all smoked and cured meats.

By Mr. Maybank:

Q. So whenever there is something processed which is included on those sheets it is to be observed that there is an 8 per cent difference in the wholesale and retail price independent of any mark-up?—A. Correct. It has been the custom of the retailer to take his mark-up on his gross cost.

Q. What you mean is that the retailer in making his payment to the wholesaler would include the sales tax?—A. That is correct. If he pays to the wholesaler 50 cents a pound for bacon his cost would be 54 cents.

By Mr. Thatcher:

Q. Did your department have to do with meat rationing during the war?—A. Not directly, it was a separate administration.

Q. I do not know if you had anything yourself to do with it but it was a separate department of the Wartime Prices and Trade Board was it?—A. It was the rationing administration of the Wartime Prices and Trade Board.

Q. You had nothing to do with it?—A. I had nothing to do with it, no.

Mr. MAYHEW: I think I should at least get in a little plug for Vancouver Island. I notice that Victoria was left off the list of cities surveyed and I wish to inform the Wartime Prices and Trade Board that one-fifth of the population lives on that island and Victoria is the capital city. We were left off the list.

The CHAIRMAN: They knew you would look after Victoria all right, Mr. Mayhew.

Mr. MAYHEW: It is just a habit with them.

Mr. MAYBANK: Is it a fact that Victoria and Vancouver prices are always the same or is there any difference?

Mr. MAYHEW: Not at all. There is a difference.

Mr. IRVINE: It is more expensive in Victoria.

Mr. MAYHEW: But probably there is a better quality?

Mr. MAYBANK: My question was really serious as to whether there may be a difference in the average price.

Mr. MAYHEW: There would be a little difference, when considering the added transportation.

The WITNESS: I would say the prices would be slightly higher in Victoria due to the added transportation costs.

Mr. MAYHEW: Seriously, I think it should have been checked up before this.

The WITNESS: The reason that Victoria was not included in the survey was that it was not a regional office and the regional office is at Vancouver.

Mr. MAYHEW: That is only the continuation of a mistake.

The WITNESS: At the time the survey was made the staff of the Wartime Prices and Trade Board had been reduced considerably and we wanted to use the men who were available.

Mr. DYDE: Is Windsor included in the survey?

The WITNESS: No, it is not.

By the Chairman:

Q. That would certainly be a slip-up? I do not want to become regional or sectionally minded, but how would you happen to miss Windsor? Have you made a survey in London?—A. We have had a few prices from London.

Q. Why would you not have them from Windsor?—A. For the same reason that we excluded Victoria. Windsor has not got a regional office and we confined the survey to regional offices.

Q. Have you included Edmonton?—A. Edmonton is included.

Q. Have you included Calgary?—A. We have some reports in Calgary.

Q. They are not both regional offices?—A. No. The reports from Calgary were sent in by the Edmonton office which thought that they might have been of some interest.

Mr. THATCHER: Are there any more officials from the Wartime Prices and Trade Board to appear before the committee?

Mr. DYDE: No.

Mr. THATCHER: There is one question which I would like to ask of Mr. Hughes and if he cannot answer I will understand. Could you tell me, Mr. Hughes, whether the machinery which the department had during the war for meat rationing is now disbanded? If it became necessary to have meat rationing—

The CHAIRMAN: May I suggest that Mr. Hughes is not in that division of the Wartime Prices and Trade Board.

Mr. THATCHER: No, but he is the only one here.

The CHAIRMAN: You may ask to have any witness called. We are not bound by the fact that counsel has arranged only certain witnesses.

By Mr. Thatcher:

Q. I prefaced my question by saying that if the witness could not answer I would understand. Could the witness say whether, if for some reason it was necessary to put meat rationing back into force—and I hope it will not be necessary—there would still be machinery set up in the Wartime Prices and Trade Board that could be put to work without too much trouble, or has the machinery been disbanded?—A. Well, to the best of my knowledge, the ration administrator is no longer with the board.

Q. In other words, it would be almost impossible to put rationing back without starting from the ground up?—A. It would be starting from scratch, using the experience of the men who were in that division before.

By Mr. Maybank:

Q. Who was the ration administrator?—A. Mr. Rodomar.

By Mr. Irvine:

Q. The general plan of action would be there for the guidance of the new board?—A. I think the guidance of any division of the board is on record now for future reference.

The CHAIRMAN: Are there any other questions? Next witness.

Mr. DYDE: I should like to call Mr. Hales.

Alfred Dryden Hales, National Director, Retail Meat Dealers' Association, called and sworn:

By Mr. Dyde:

Q. Would you give the committee your full name?—A. Alfred Dryden Hales.

Q. Your address?—A. 11 College Avenue, West, Guelph, Ontario.

Q. Your occupation?—A. Retail butcher and farmer.

Q. You also hold an office with the Retail Meat Dealers' Association of Canada, do you not?—A. Yes, sir.

Q. What office?—A. The National Director of the Retail Meat Dealers' Association.

Q. You are a graduate of Ontario Agricultural College at Guelph?—A. Yes, sir.

Q. You were also employed, for a time, here in Ottawa with the Prices Board, were you?—A. Yes, sir, in an advisory capacity only.

Q. Give the particulars of that, Mr. Hales, please. What years?—A. 1946-1947; I was asked to sit in with the board under the direction of Mr. Grisdale in an advisory capacity in the formulating of some of the policies and directions of which he had charge.

Q. Would you describe to the committee, please, your method of doing business? You say you are a farmer and meat dealer. Would you explain how you carry on your business?—A. The business I own was started some time ago by my grandfather, carried on by my father and taken over by myself. It has always operated on the basis of buying direct from the farmer; it is buying the livestock, doing our own slaughtering and some processing of prepared meats, and retailing these same products.

I operate a farm and abattoir combined and buy direct from the farmers of Wellington county. I operate the business by this method because it has always been operated in that way. We are fortunate in being situated in one of the best beef producing counties of Ontario and very good cattle are obtainable close to hand.

The set-up is there. I feel that I do not secure my goods any cheaper, really, by doing it this way, but I have a chance to get that material which I like and I think, in some cases or possibly in most cases, might be better than that which I obtained from other sources. I have first-hand knowledge of what is going through my place of operation and a contact with those in the community which is something I relish and hope to maintain.

Q. Do you buy from packing companies?—A. Yes, I buy from all of them.

Q. What is the principal purchase you make, or can you say?—A. Well, I will buy anything. There are times when I can buy things considerably cheaper from them than I can produce myself, and vice versa. There are times of short supply when it makes it difficult for me to get goods and, in cases such as those, they are helping me out; but the products, chiefly, are prepared and smoked meats and so on.

Q. That is what you chiefly buy from the packers?—A. Yes, more prepared products.

Q. Now, just for the record, perhaps you might give us the approximate population of Guelph?—A. 25,000.

Q. How many retail meat outlets are there in Guelph, approximately?—A. The total number of stores selling meat in one form or another I would say would be 35.

Q. You have some views, Mr. Hales, on the reasons for the increase in the price of meat to the consumer and have given the matter some thought. Will you give the committee the benefit of your experience in that respect, please?—A. Yes, sir. Well, the retail phase of the industry is highly competitive. I think it is one of the most competitive phases of the food industry. I believe if all phases of the food industry were as competitive as the retail phase of the meat industry, this discussion might take on another angle. However, we are very competitive in the retail field.

As I said, there are possibly 30 to 35 retail outlets in my town and if I decide to sell sirloin steak at 65 cents a pound and my competitor down the street and the rest of them in town are selling at 65, I will not sell very much sirloin steak.

By Mr. Maybank:

Q. I think you made a mistake there. You used the same figure twice?—A. Yes, if I am selling sirloin steak at 65 cents and my competitors are selling it for 50 or 55, I am not going to sell much sirloin steak. The business is highly competitive. We have all the chain stores operating in our town; four of the large chain stores operate there. I spend a considerable amount of my time watching and being concerned as to competition. I find more trouble keeping in line with competitors than I do over-stepping the mark. Competition is very, very keen.

Now, that is one angle of the business. You referred to the reason for these increases in the cost of meats to the consumer in which, I believe, the committee is most interested.

By Mr. Dyde:

Q. We are particularly interested, Mr. Hales, in the increase which is taking place today.—A. Well, let me bring that point up first and then I will revert to another phase of it.

Today's increase is very marked, as you gentlemen have no doubt noticed by the livestock reports and so on. There are a number of factors represented there which have to do with the livestock market advancing the way it has.

I would say one of the first reasons for this drastic increase in the live market is the situation out west, in the provinces of Alberta and Saskatchewan. Weather conditions are such that the farmers are experiencing great difficulty with their cattle out there. Snow covers the fields and pastures and so on. It is a desperate situation. We, in this part of the country, depend on carload after carload of dressed beef shipped down here from the west. This is particularly true of points east of here, down through the maritimes. I would say very close to 85 per cent of western beef is handled down there.

Now, that beef is not flowing down there. It is not coming on the Toronto market within the last few weeks and when a big buyer can buy a carload of western beef, it certainly relieves the pressure on the Toronto market. That beef is not available from the west, and that buyer is a very keen bidder on the Toronto market; that is the situation which exists at the present time.

Secondly, it is a seasonal increase. At this time of year there is always a slight increase in the livestock market. It is due to the fact that stable cattle are becoming more or less used up; have been sent to market and been slaughtered. The grass season is fairly early this year. The grass is ready and the farmers

who have cattle ready to be put out to grass have already put them out. They have two options. If an animal is at the killing stage, fit to kill, he can either sell it or put it out to grass. He has two options.

There is another factor in there. This winter, the Ontario farmer was short of grain. He had a poor crop last season and the high cost of grain and so on meant that he did not have grain to feed the cattle. There are a lot of cattle going out to grass, from my own observation, which were merely wintered over and not fattened. Therefore, less killable cattle were put on the market than in other years, due to that feed situation.

I think those are the important points concerning the present rise in the livestock market and, ultimately, the dressed meat cost.

On top of that, we have a consumer demand. The purchasing power of Mrs. Consumer seems to be holding up reasonably well.

Q. Before you leave that point, Mr. Hales, we studied the return of inspected slaughterings of livestock in Canada and we have an exhibit here which you have not had the benefit of seeing. We found that the inspected slaughterings of cattle, I am speaking in rather general terms now, for the week of April 17 were ahead of last year's. While they are down from the heavy run of the fall of 1947, still there is a goodly number of cattle, in our view, still being slaughtered in Canada. The week of April 17, for instance, inspected slaughterings totalled 24,381 as against 22,289 a year ago. Altogether during this winter and spring the inspected slaughterings of cattle have maintained a higher level than a year ago. Now, that does not quite bear out what you say with regard to cattle being scarce at the present time, does it?—A. Well, I am possibly inclined to take a narrow view of the local situation which I find in my own community. The over-all picture which you have presented is somewhat different, but I think that would, perhaps, bear out the statement I have just made, that consumer buying power seems to be keeping up fairly well.

As to the supply of pork which is available on the market, poultry and lamb, the other three classifications of meat, I think if we went into the figures on those you might find all of those were down a little, or some of them, particularly lamb, would be down. If a consumer cannot buy one form of meat, the consumer immediately switches to another. It might be that beef has been the most prevalent or the easiest to procure.

Q. I am not in any way attempting to trap you by quoting these figures, but perhaps I should have shown you them ahead of time; but even in hogs we note that inspected slaughterings for this winter show considerably heavier than a year ago. The difference is greater in hogs than it is in beef. That is, in the week of April 17, there were 105,133 hogs slaughtered as against 93,000 a year ago in the same period, so our hogs seem to be pretty plentiful too.—A. As I say, there we must consider the population of Canada.

By Mr. Harkness:

Q. Was the witness referring in his previous remarks particularly to the increase of 2 cents a pound in live cattle in the last two weeks?—A. Yes, the more recent increase, about—within the last month.

Q. Within the last month; and Mr. Dyde is referring to the figures up to April 17.

Mr. DYDE: Yes, I am referring to figures up to April 17.

The WITNESS: Well, that is on the tail end of it.

By Mr. Mayhew:

Q. The witness is referring to the increase in population in Canada. I wonder if he would mind completing that sentence, if he would.—A. I haven't

got information on it. That is a general observation, that the population of Canada must be considerably larger this year than last year.

Q. I suppose in that you would include the new arrivals, the new immigrants?—A. Yes, and they are all potential meat eaters, and possibly greater potential meat eaters than we are in this country.

Mr. MAYHEW: And that of course would be in addition to the normal increase in population.

The CHAIRMAN: Mr. Hales, Mr. Dyde pointed out to us that you had given a lot of thought to this subject and you have listed as among the reasons for the current price increase weather conditions in western Canada, the seasonal situation in Ontario where the farmer is short of grain, and consumer demand. Now, whether those are reasons or not, the fact is that we are faced currently with a rise and we have got to give consideration not only to the reasons, but also perhaps as to the methods by which that rise can be corrected. Can you suggest anything there?

The WITNESS: In that connection, Mr. Chairman, I would bring this fact to your attention, that my notes here are necessarily brief. I must plead to inadequate preparation and for the shape my information is in because of the fact that I did not get the call to appear here until Friday afternoon, so I have not had much time to collect my thoughts on it.

Mr. DYDE: You are doing very well.

The WITNESS: But regarding something to bring these costs down—that is what we are interested in at the present time.

The CHAIRMAN: That is right.

The WITNESS: You are aware, I presume, that on every pound of bacon that you go into a store to buy that you are paying approximately 5 cents a pound federal tax. With bacon selling at 75 cents a pound you take the tax off and that would bring it down to 70 cents a pound; and that is a good start at that point. If you are buying a smoked ham we will say that weighs 12 pounds there is 60 cents on just one smoked ham. That is a very big item, and taking that off alone would do quite a bit.

By Mr. Thatcher:

Q. Is that the 8 per cent sales tax to which you are referring?—A. The 8 per cent sales tax on smoked and cured meats.

Q. But that is on the manufactured end, it is not on the retail price, is it?—A. Well, the consumer pays it. I buy bacon from the packers. I pay the packer 8 per cent sales tax. I add that to my cost and pass it on to the consumer. As I said, if you buy smoked ham which weighs 12 pounds you are paying 60 cents sales tax.

Q. You mean to say that the retailer takes his markup on the sales tax?—A. The retailer takes his cost of bacon at 50 cents from the packer. The packer charged him 8 per cent, which is 4 cents; with the result that the net cost to him is 54 cents. You can't figure your markup on anything less than 54 cents because that is the money you have to pay out for the pork itself.

Q. Would it not be fair though; is it not standard business practice to take the markup on your cost rather than on the cost plus the sales tax? If you do that are you not pyramiding and taking a profit on the sales tax as well?—A. But it is still my cost.

The CHAIRMAN: Why is it your cost?

The WITNESS: Because I have my money invested and tied up in it.

Mr. IRVINE: You have to pay the 54 cents before you get the bacon?

The WITNESS: Yes. My cost is the cost of the product laid down in my store; transportation, tax, and everything—that is my cost.

Mr. IRVINE: You would not bring home the bacon without it?

The WITNESS: That is right.

Mr. THATCHER: That means you are pyramiding the tax.

Mr. IRVINE: Of course it is.

Mr. THATCHER: That is pretty hard on the consumer when you do that.

Mr. MAYHEW: And that would be the explanation for the smoked hams and cured meats. Would the same thing apply to fresh meats? Is there any tax on that?

The WITNESS: None whatever.

The CHAIRMAN: That is one of the reasons.

The WITNESS: Yes, that is one of the reasons. Another is the cost of operation. The cost of operation in the retail meat business is no different from any other type of business. Now, the cost of operation has gone up in proportion to other industries. I can elaborate on that.

By the Chairman:

Q. You mean the cost of operation has gone up in the last month?—A. Well, I do not think we could take that short view of it.

Q. We are not talking about the current rise. My question to you was, could you give us an explanation for the current rise and what can we do about it? You have listed one, the sales tax.—A. You mean, in the last month?

Q. I was speaking about the current rise. That was my question to you. Now, the sales tax on smoked meat; all right, that is one. Now, your cost of operation in the last month, that is no different, is it?—A. Excepting on a few types, and since restriction on rent has been lifted I think that there are a number of retail dealers who have been forced to pay considerably higher rent.

Q. Not that I am aware of. I think that is perhaps, if you don't mind my my saying this, somewhat specious. Have you any evidence to support that? In your own case the rent has not gone up, has it?—A. In my own case I am fortunate—

Q. I think the general situation is that commercial rents have not gone up to any great extent, whatever rise there has been has been practically infinitesimal.

Mr. THATCHER: Not in my city, Mr. Chairman; they have gone up quite a bit.

The WITNESS: I am inclined to disagree, sir.

The CHAIRMAN: I think that is the evidence before the board.

The WITNESS: Most retailers operate on a monthly lease basis. A good number across Canada are on a monthly lease basis?

The CHAIRMAN: In any event, you are giving the cost of operations. Now, what next?

The WITNESS: Now, I think Mrs. Consumer has a few things to learn by which she could bring her costs down. For one thing, I think that things are altogether too streamlined. I might give you a few examples. It is rather unusual nowadays to sell a prime rib roast as a standing roast. I do not know whether you are familiar with cuts or not. When a roast is cut for her it seems as though she wants the ribs trimmed off to the bottom of that roast, the lean meat is all there at the bottom, and it seems as though she wants that rib roast boned and rolled and tied up with a string. That just about doubles the labour which goes into the cutting and preparing of the roast, when you have to roll it, in preparing that roast for sale in the rolled form the cost is considerably higher than it was. And she could save herself a lot of money by buying the whole rib roast and not having the top end cut off; by buying a standard rib roast

of beef for the weekend. It might be a little harder on some of us men who are not as proficient in carving as men used to be, but they could soon get the knack of that carving back again; and the saving in cost would help Mrs. Consumer a lot. I have a few other examples. Now, take bacon—

The CHAIRMAN: Just on this Mrs. Consumer business; that is not a new situation, is it?

The WITNESS: No, it is a situation that has been in existence for a few years back.

Mr. THATCHER: But it has been accentuated by recent practice?

The WITNESS: It has been accentuated quite a bit; and referring to bacon it seems as though bacon has to have the rind off and it has to be wrapped up in a cellophane package with a fancy label on it. We don't see them buying bacon by the piece any more.

The CHAIRMAN: That is not new either, is it?

The WITNESS: No, but it has all added to the cost of living.

The CHAIRMAN: Well, we are talking about the current rise; this recent, progressive, continuing rise; right at the moment. I do not think these established practices are going to help us very much.

The WITNESS: Well, within the last month—this has been going on for a period of time now. You said that you are concerned with the current rise, and I take it that has to do with the livestock market which we mentioned at the start.

The CHAIRMAN: All right. Are there any other reasons?

The WITNESS: I do not think my reasons have as much to do with the last month. What they had to do with is maybe going back a few years.

Mr. MERRITT: Aren't his reasons interesting? They certainly contain suggestions as to how prices might be brought down, even though they may relate to conditions which go back beyond the period of the immediate last 6 months. I think we should allow him to continue.

The CHAIRMAN: There is no intention of cutting him off. You see, Mr. Merritt, you were not here when he was giving his earlier evidence.

Mr. MERRITT: But he has seemed to suggest some reasons.

The CHAIRMAN: You were not here and you did not hear the questions put to him. We are now dealing with the current situation and the witness in the course of his evidence has said that his explanations do not apply that closely. But you are prepared to deal with remedies for the situation?

The WITNESS: Yes.

The CHAIRMAN: So we are glad to accept that.

Mr. KUHL: What you have said about the increased cost of raw materials would have a bearing; and then there is the increase in the price of livestock.

By the Chairman:

Q. You have read the evidence that has come before this committee so far?—A. Yes.

Q. What have you to say about the role of the packers in this?—A. Well, the packer has had to carry on a lot of these costly operations for Mrs. Consumer, things which she has come to demand. She has come to demand having her bacon sliced and packaged; she has demanded cottage rolls done up in a fancy cellophane package, with all the additional labour and cost that entails. All these things which come under the general heading of merchandising methods add to the cost of living which Mrs. Consumer seems to want and for which she has to pay; I refer, of course, to the higher cost of labour and materials.

By Mr. Thatcher:

Q. I wonder if you would tell the committee whether the markup on the beef you kill is the same as it is on the beef which you buy from the packer. Could you tell us that?—A. That is right.

Q. Generally speaking, what markup would you have on your own meat, which you kill yourself; and what markup would you have on the packers? I mean, is there a difference?—A. Very little difference. As I said earlier, I have been carrying on our business now for some years and I find that the cost runs about the same; as a matter of fact, I find that there are times when I can buy beef cheaper from the packers than I can get it direct for ourselves. There are times when you can go to the packer and buy cheaper than you can get it locally. May I put it this way, we only do it that way because we know exactly what we are getting.

Q. Then you would not suggest more butchers would save money by killing more themselves?—A. I would not be prepared to say that. It would depend on volume.

Q. Your own experience has been that you have not been able to save particularly?—A. My own experience over a number of years in our business is that it has been good business.

Q. It has paid you to dress on your own?—A. I would say so.

Q. One other question.

Mr. MAYBANK: Do you mind if I interject?

Mr. THATCHER: Yes, go ahead.

By Mr. Maybank:

Q. Is it because you could sell cheaper, or because your supply situation was better that you considered your method was better for you?—A. There were two reasons for me; the supply situation, and the product I was buying, and the personal contact.

Q. That is another way of saying that it was better business for you, and particularly with regard to your supply situation, to buy and kill a certain amount for yourself. It is the supply situation which has been a greater influence in you concluding that your method was better for you?—A. In the last few years, yes, but previous to that it was a different story.

By Mr. Mayhew:

Q. You could do your own slaughtering as cheap as the packer could do it, and naturally you would save his margin of profit?—A. It would vary from week to week. Some weeks it is cheaper and other weeks it is not. I recall in January that I was able to buy beef from the packers cheaper than I could buy locally. It just seems to be local conditions.

By Mr. Thatcher:

Q. Do you keep regular records of your profits by months?—A. No, sir.

Q. Would you have any idea whether your profits as a retail butcher would be greater since ceilings were taken off last October than they were before?—A. No, I would not.

Q. Your would have no idea?—A. No.

Q. Do you think that ceilings coming off have helped you in your business to get a little better mark-up now that ceilings are off?—A. No.

Q. You cannot?—A. No.

By the Chairman:

Q. What is the answer? I did not get the answer.—A. No.

Q. What does that mean?—A. He asked me if I felt I was making a greater spread since the ceilings were lifted than I was before.

Mr. Thatcher: Then you would not have any objection—

By the Chairman:

Q. Your answer to that is that you are not making any more?—A. I cannot substantiate it with figures. That is why I am hesitating. If I could give it to you in black and white I could tell you.

By Mr. Thatcher:

Q. If you have not made any more money recently you would have no objection to ceilings being reimposed, As a retail butcher you would make as much if they were back on?—A. That depends on the spread, and so on, that the board would allow. I will say that the Wartime Prices and Trade Board was very fair and did a very good job for some butchers across the country. I think the charts and the percentages and the things they put out were of a great educational value to the trade in general.

Q. As far as the retail butcher is concerned you would not object to ceilings being put on again? Can I take that from your answer, that it would not hurt you in a material way?—A. I existed with them when they were on before, and I could do it again.

By Mr. Irvine:

Q. But are you existing better now than you were before?—A. There is a point I cannot answer in black and white. I know what happens with my particular line, and others who operate like I do. The live stock market goes up but your ceiling prices remain the same. The same situation existed with the packers a while ago to the point where they refused to buy live cattle and went off the market.

Q. Would it be a fair inference to say that if you and those who are dealing in retail meats as you are have been better off since the price ceilings were removed that the consumer would probably be worse off to the same extent?—A. Probably worse off in the—

Q. By the amount that you were better off?—A. Oh, I do not know what to say to that.

Mr. Maybank: The inference that is sought to be drawn is this. If some person in the middle who is making a profit becomes better off then some person with whom he deals at one side of that middle position should be worse off. I think that is inference. Mr. Irvine is wondering if it would be the consumer rather than the person nearer to the primary producer who would be worse off. I submit, Mr. Chairman, that while any person has a right to ask the question and while any witness has the right to give opinion, that such inferences are more for this committee than they are for the witness.

Mr. Irvine: I realize that.

Mr. Maybank: I would not say it is not fair.

Mr. Irvine: That is why I did not press it. I merely said would it be a fair inference.

The Witness: I would think that there is a goodly percentage of the dealers across Canada who are still using the old Wartime Prices and Trade Board charts, and as the cost of beef advanced in the carcass form to them they have simply added it on to those charts they have. I think there are operators who would possibly be doing that. If beef has gone up 2 cents in the carcass they possibly have added 2 cents right down the line.

By Mr. Thatcher:

Q. What is your standard mark-up now?—A. Standard mark-up?

Q. What mark-up does the average butcher take on cost?—A. I think they all strive for 25 per cent.

Q. Twenty-five per cent on cost or on sales?—A. On selling, 20 to 25.

Q. I want to get this clear as to how you would arrive at that. If your cost was 50 cents to get your selling price you would add 25 per cent to that? Is that correct?—A. If the cost of bacon was 50 cents a pound and the tax made is 54 cents a pound and you wanted a mark-up of 20 per cent that product—

Q. You said 25.—A. Well, I was taking 20 there, but we will take 25. I will figure it at 20. It is a little easier. Then I will figure it at 25. It is around 67 cents.

Q. That is at 25?—A. That is a 20 per cent mark-up on selling.

Q. How did you arrive at that?

By Mr. Maybank:

Q. When you said 25 you meant 25 reckoned on the basis of your own purchase price?—A. That is right.

Q. That is what you meant when you said 25?—A. A cost of 54 cents, and you want a mark-up of 20 per cent on selling, the product would sell at 67 cents.

By Mr. Thatcher:

Q. I do not follow that. 20 per cent on 54—you are figuring 25 per cent?—A. I figured 20.

Q. Is that not 11 cents?

By Mr. Dyde:

Q. Is the 20 per cent on sales?—A. On sales, not on cost. You are figuring t on cost. Everything is figured on sales, your operating cost and everything.

By Mr. Maybank:

Q. In other words, when you say a percentage like that you mean the percentage to be reckoned on the selling cost as the basis?—A. That is right. Every retailer who is a sound retailer will operate on that basis. Costs are always figured on sales.

Mr. Dyde: We have found throughout our inquiry that whether or not we like it the retail trade work on a margin on sales.

By Mr. Thatcher:

Q. An average of a 25 per cent mark-up would equal on an average about one-third of cost. That is about the way it works out?—A. There are those factors concerning cost which are not relevant to the last month. We mentioned the rib roast and bacon. There are a number of other examples that I think Mrs. Consumer could take a page out of the book on. She might buy a whole shoulder of lamb and get a price on it and have stew and chops and roasts out of it, some short cuts like that. I think restaurants and hotels might do the same in that case.

By The Chairman:

Q. How are you going to help Mrs. Consumer to know that?—A. I guess we should have an educational program. Were they not down here, Mrs. Marshall.

Q. This information will be passed on to the Consumers' League. Mrs. Marshall's organization, certainly, but is there any effort made when the purchaser comes in to explain that sort of thing?—A. There is in my store.

Q. There is in your store?

By Mr. Dyde:

Q. I think you have one or two other examples that you can help the consumer with that you have not mentioned yet. I think you mentioned beef heart to me before we came in. What suggestion have you to make to the consumer with regard to that?—A. Well, it is a very economical dish. It is highly nutritional, solid meat, no waste. I imagine you could stop ten ladies on the street and find four at the outside who would know how to cook and prepare it and serve it.

Q. Does the retail trade do anything at the present time to issue to the consumer anything that would help the consumer understand these things?—A. I think every dealer would in connection with that rib roast idea I put forward there. The reason we do it in our own store is twofold. It cuts down on my labour of rolling rib roasts of beef. I am short of labour and there is the high cost of labour. It gets away from that rolling, and it is also a saving to her. There are the two reasons why we do it, for her advantage and our own. There are many other things like that that can help to bring down the cost a bit.

By the Chairman:

Q. What others are there? Let us get them. You have given us two. We will get the others and the press will circulate them all over the country and we will bring down the cost of living. Let us get them.

By Mr. Dyde:

Q. You have mentioned the rib roast and you mentioned sliced bacon. You have mentioned beef heart. What other items are there that you can help the consumer with?—A. The next thing will be to get enough beef hearts.

Mr. IRVINE: That is the point. You will raise the price of beef hearts.

By Mr. Dyde:

Q. Have you any other items you can suggest?—A. I think the good old Irish stew that grandmother made has possibly gone into oblivion in some sections of the country.

The CHAIRMAN: Not in the House of Commons.

The WITNESS: That is just one thing that comes offhand to me.

By Mr. Dyde:

Q. You mentioned a few minutes ago that the consumer was asking for particular types of packaging. Is that correct, or is it the trade that is putting these things out in packages and teaching the consumer these bad habits?—A. I think we are both to blame as far as that is concerned. There was a period when possibly there was a surplus of bacon on the market, and in order to merchandise it and make it attractive it was put up in a package and sold in that form, but when things are a higher price and scarcer on the market the habit still exists.

Q. What mark-up do you put up on a package of sliced bacon when you sell it in your store? I assume you buy bacon from the packer occasionally?—A. Yes.

Q. What mark-up do you put on package of sliced bacon?—A. Twenty per cent on a sliced package product like that. If you will excuse me, my brief case is there and I have that all figured out.

Q. Twenty per cent is a sufficient answer for the moment. Is that actually a fair margin when you take into consideration the fact that you have no work to do with regard to bacon in a package? You get it in a package from the packer and you keep it, I assume, in a cool place until it is sold, but you have no actual work with reference to that package except to hand it to the consumer.

Now, is a margin of 20 per cent necessary, do you think, for an item like that?—A. The first thing I would say there is that it is still a perishable product. It has to be merchandised within a short period in order to have consumer acceptance. A perishable product is very difficult to sell even at 20 per cent mark-up in that refrigeration has to be supplied and rotation of sales of merchandise, and costs of operation, and so on. I think it is very fair.

Q. It seems to a layman not in the business that that percentage results in a great proportion of the consumer's dollar going to that particular operation and that particular service. I wanted you to make any remarks you care to make about the justification for mark-up of that kind on this particular product. If you have more to say I would be glad to have the committee hear you?—A. Regarding a mark-up of 20 per cent on a packaged item?

Q. Yes?—A. Of a perishable product such as bacon? In this day of retailing with over-all cost of operation which includes all phases, and the fact that it is a perishable product, I think that is fair mark-up.

Q. What mark-up do you aim at in a fresh beef product?—A.The mark-up varies with regard to cured, smoked, and fresh products. The mark-up in turn depends on one's volume. If I could get a 20 per cent mark-up on beef with a reasonably good volume I would be satisfied.

Q. And yet you have to do a lot more in the way of merchandising beef than in merchandising sliced bacon in a package?—A. Your volume comes into it there considerably.

Q. I am not sure I see how volume comes into it. Would you explain how that happens?—A. You have a lot more tonnage in beef than you would have in packaged bacon.

Q. You buy a side of beef and you have to throw away quite a number of pounds of it because there are bones and scrap to be considered. Whether it is volume or not you are doing a lot of work in cutting up a side of beef. You have the matter of shrinkage and waste which does not enter into the bacon at all. Why should the margin be the same in each of these cases? I think if you take a cross-section of the country you will find the mark-up on beef is greater than 20 per cent. I do not know just what the average would be but I think it would run all the way from 20 per cent to 30 per cent on beef. I am not prepared to say what the average would actually be.

Q. Does not the same thing apply to all of the cured pork products which you handle? Take for instance ham? Your handling in the case of ham is very much less than the handling in other operations involved in selling beef?—A. There are some merchandising problems come into the picture as far as smoked hams are concerned. If you sold all whole hams it would be all right, but if you sell half a ham and everyone wants the butt end you are left with shanks which constitute another problem. Someone wants slices of ham, and you must figure the percentage. The business of retailing meats is the most complicated business on the face of the earth.

Mr. MAYBANK: I think that every business claims that.

The WITNESS: A man will buy 24 boxes of cornflakes and he knows his unit cost and he can figure the mark-up on it without much trouble.

By Mr. Dyde:

Q. Let us compare cornflakes and bacon. You know pretty well what your customers are going to buy in the way of sliced bacon and you do not have much bacon left on your hands at the end of the week? I am forcing you to this position—you know what you are going to sell from week to week in the way of sliced bacon and you do not have a lot of sliced bacon left over at the end of the week?—A. That is not always the case. One still cannot side-step the issue that bacon is perishable and cornflakes are not.

Q. But if it is moving very rapidly from the packer to you, and over your counter, and you can buy every day—you do not need to store a lot of bacon—why is the fact that bacon is perishable so important?—A. It still must be kept in a refrigerator which is an added cost, and even weather enters into the picture. On certain week-ends weather conditions will have quite a bit to do with the sale of individual products.

The CHAIRMAN: Surely you have not addressed yourself to Mr. Dyde's question—I do not mean that you have intentionally side-stepped it but you have not answered it. At the end of the week you can say you have no bacon left on your hands?

The WITNESS: I would not say that, because some weeks I do.

The CHAIRMAN: You do?

The WITNESS: Yes.

By Mr. Maybank:

Q. Does any bacon perish in your hands? You are speaking of it as perishing?—A. I do not say that much perishes but there are cases where it has to be sold at a reduction. As long as you are married and have a big family you can always take care of that situation, however.

Q. Of course if you have to reduce your price to escape the perishable contingency, it is a factor.

By Mr. Dyde:

Q. There is one point, Mr. Hales, which we have not covered as fully as I think you can cover. In the early part of our discussion you mentioned certain competitive factors, and when the chairman spoke to you about present increases you gave certain answers which were rather general. May I come back to the question of the present increase. You are an experienced man looking at this trade from the point of view of a man who has I think good motives. What is the competitive position, or is it the competitive position which has driven prices up recently? Perhaps I might elaborate still further. What other field of the meat industry do you feel must bear some responsibility for the increase that is taking place today?—A. This picture seems to be a four sided one in which there are the producer, the packer, the retailer, the consumer. We are all in it, and I presume that it would be fair and just to all to say that each one should do his share to keep this business within bounds.

Q. Yes?—A. I would not like to single out any particular phase of the field of the industry and place a blame on anyone more than another.

Mr. THATCHER: Just in that connection—

The CHAIRMAN: He is about to finish his answer.

The WITNESS: As I say, I would not like to point my finger at any one phase or field of the industry. I think they have all been playing ball.

Mr. DYDE: I have one or two further questions before I leave that point. Do you say there is more competition in the retail end of the meat industry than there is in the packing end of the industry?

The WITNESS: My answer to that would be yes. I think we in the retail field experience a very much higher degree of competition.

Mr. IRVINE: Do you mean that—

The CHAIRMAN: Would you mind if Mr. Dyde continued?

By Mr. Irvine:

Q. My question is right on the point. Do you mean that through the competition which presumably exists with respect to the buying of cattle, th

result is an increase in price instead of a decrease? Does competition increase the price more than it decreases the price—or at least as much?—A. I take it from your question if there were more buyers of cattle—

Q. You say yourself that there is always a scarcity of cattle at this time of year?—A. Yes.

Q. And during this period everyone in the business wants to get as much beef as he can in order to keep in business?—A. Yes.

Q. And that will increase the price will it not?—A. Yes.

Q. I am speaking of the prices on the buying end of the business and competition raises the price instead of reducing it?—A. On the buying end?

Q. Yes?—A. Yes.

The CHAIRMAN. That is true.

Mr. IRVINE: This darn competition is supposed to cure everything but it does not.

By the Chairman:

Q. Mr. Irvine has elicited a very important answer but there was another important point there. You say that there is more competition in the retail end of the field than there is in the packing end?—A. There is more competition in the retail field.

Q. Yes, but what we are after and what we want to know, Mr. Hales, is what is the cause of the rise in the price of meat? What are we going to do about it—if anything? Those are the things we want from you. You said you did not like to single out anyone but it is not a question of personalities. We want your considered judgment in the light of your business experience. What are the factors responsible for this rise and can you lay the blame where it should be laid—if there is any blame? You may say that this is all a part of our system, but we would like your answer?—A. If I could answer that question we would have solved quite a problem. I think it is a he-man-sized question to answer and I cannot answer.

Q. You cannot answer?—A. No, I give up.

By Mr. Kuhl:

Q. Could you tell us, Mr. Hales, what proportion of your costs and your over-all operation is represented by dominion taxes?—A. By dominion taxes?

Q. All forms of tax?—A. All forms?

Q. All forms that you pay?

The CHAIRMAN: Too much.

The WITNESS: It would be a surprising figure, but I cannot give you an estimate.

Mr. IRVINE: Would it be 90 per cent

The CHAIRMAN: I am quite a free agent here and I said it was too much.

By Mr. Kuhl:

Q. Could I get my answer? Could you make an estimate at all?—A. I would think the Dominion Bureau of Statistics would have that information here in Ottawa.

Q. I was just wondering whether from your own operations you would have an idea?—A. I know the percentage is very, very, high and higher than I would like it to be.

Q. Therefore if that taxation could be reduced or even 100 per cent eliminated, the cost to the consumer would be reduced by just that proportion—that would be correct deduction would it not?—A. That would help.

Mr. THATCHER: Mr. Chairman, there is one very definite thing which has come out of this—

The CHAIRMAN: I think two very definite things.

Mr. THATCHER: The witness says he thinks each group should do something. When we say there is a sales tax of 8 per cent on meat—

Mr. MAYBANK: We did not say that.

Mr. THATCHER: There is an 8 per cent sales tax on meat.

Mr. MAYHEW: On smoked meat.

Mr. MAYBANK: There is an 8 per cent sales tax on smoked meat.

Mr. THATCHER: Can I ask my question without so much interruption?

The CHAIRMAN: I think it is important you should not misstate the facts.

Mr. THATCHER: All right, there is an 8 per cent sales tax on smoked meats. The witness says if bacon costs 50 cents, the tax is four cents. Then, when he arrives at his cost, he says it is the practice of the butchers to base their cost on the cost of the meat from the packers plus the tax. If the witness added $33\frac{1}{3}$ per cent on his cost, the tax, by the time it reaches the consumer, would be something in the order of 10 per cent. What we are getting here is a case of pyramiding taxation, which is a vicious practice.

In connection with the excise tax and other taxes, the government suggests the retailer can only pass on the amount of the tax; he cannot pyramid it. I think this committee ought to recommend that, on meat, the butchers be not allowed to take their profit on the taxation portion of this—

Mr. MAYBANK: Not to take their profit—

Mr. THATCHER: I think they should take it on the cost of the meat.

Mr. MAYBANK: I was only drawing your attention to the fact you used a word you did not mean.

Mr. THATCHER: The taxpayers may be paying 10 per cent if the butchers do it this way, by the time the tax gets pyramided. I do not think that is the way the tax was meant to be handled.

Mr. KUHL: There is still the competitive angle to take care of it.

The CHAIRMAN: That is the thing we are going to consider when we come to our consideration of the evidence.

Mr. THATCHER: That is one recommendation we could make.

The WITNESS: You are asking the retail dealer to advance his own money and pay that sales tax, advance it to the government without any remuneration for doing it whatever.

Mr. THATCHER: No; when the government puts on a tax, I think the consumer will pay it eventually, but I do not think the retailer should make a profit on the tax.

The WITNESS: My cost is the cost of the goods laid down in my store whether it is the government adds the tax or John Smith adds the freight or whatever it is, my cost is the laid down cost in the store. I think it is only fair my profit should be figured on that.

Mr. MAYBANK: What do you do in the hardware business?

Mr. THATCHER: You are prevented by law from doing it that way. We do not do it that way.

Mr. MAYBANK: There may be certain cases where it is not done, but the hardware merchants have been reckoning their mark-up on their laid down costs for a long time.

Mr. IRVINE: They are more honest than the butchers.

The CHAIRMAN: We will deal with the hardware men later.

The WITNESS: It is hard enough for me, now, without considering hardware.

By Mr. Dyde:

Q. I want to be sure, before we finish, I have exhausted what you can tell us on one or two points. They will be very short. I have asked questions, rather indicating that you were, perhaps, charging too much retail margin and you have given me a reply with regard to that. Then, you have also given the committee some suggestions as to what the consumer can do. Now, you have left out both the packer and the producer and I see no reason why a man in your position should not go the step farther and say what you think with regard to those two other groups in the same industry. We are attacking you, at the minute, about your margin and you are suggesting what the consumer can do. Now, is there anything that the packer should have done or could do, in your opinion?—A. Well, I know, with reference to that retail margin, I know what it costs to do business today. I feel that I am operating with a very clear conscience as to the spread between the cost and the cost of operation. I know it has been whittled down pretty fine. Regarding the packers, they have costs of operation, costs of doing business. What they are, I am not prepared to say. I do not know what spread they work on or what they strive to work on. If I knew their costs of operation and what mark-up they strive to get, what the net result was, then I would be in a position to say whether they were over-stepping the mark or not. I do not care to make a statement until I know what spread they are taking for themselves.

Q. I just wanted to make sure you had nothing to add.—A. I should state I operate a service store, which is different from a cash and carry set-up. There is a greater cost of operation in operating a store of that type for the service rendered.

By Mr. Mayhew:

Q. What is your percentage of loss in bad debts?—A. Not too great in the last few years. I think we are allowed—I forget what the income tax department allows for that. Offhand, I cannot give you that, but it is not a big factor today. There were years when it was serious.

William Warren Hussey, Director, Toronto Branch, Retail Merchants' Association; Director, Ontario Branch, Retail Merchants' Association, called and sworn:

By Mr. Dyde:

Q. Mr. Hussey, would you give the committe your full name?—A. William Warren Hussey.

Q. Your address?—A. My business address is 735 Mount Pleasant Road, Toronto. My house address is 18 Garnock Avenue, Toronto.

Q. At your business address, what kind of business do you carry on?—A. Retail food business, combination, three departments.

Q. What three departments?—A. Meat, groceries, fruit and vegetables.

Q. You also hold office in the Retail Merchants' Association of Canada? A. I do.

Q. What is your office?—A. I am a director of the Toronto Branch of the Retail Merchants' Association; I am also a director of the Ontario Branch of the Retail Merchants' Association.

Q. When I requested your presence before the committee, I asked you to bring with you documents issued by the Retail Merchants' Association with regard to meat, fruits and vegetables and textiles. You have done so?—A. Yes, they are in your possession.

Q. The only document which you have brought with you and which is a document of the association, deals with meat and is a chart known as "Retail

prices guide for beef, lamb and veal." That is correct, is it not?—A. There are some other bulletins, I believe, on that file.

Q. Yes, of minor importance; is that right—A. They may be of minor importance. It depends on what degree of importance you put on each item. We endeavour to keep the trade posted as well as possible through a bulletin service as to the trend in the market, to the best of our ability, and to provide a service for them which they cannot afford to provide for themselves.

Q. I notice, for instance, in the documents you have produced, that you have issued bulletins through your association synopsizing the evidence which has been given before this committee?—A. That is correct.

Q. I think you, yourself, have done that?—A. That is right. I might say it is my opinion I have found a lot of independent retailers who do not, perhaps, devote enough time to their business. I think I mentioned to you I feel I am in this business and just the same as you lawyers have to study your business, I have to study mine. I found, particularly the older men, did not spend enough time in reading up material which is relevant to their business.

By the Chairman:

Q. I thought you were going to say some of them went into politics?—A. No.

By Mr. Dyde:

Q. You are referring now to lawyers as well as politicians?—A. I do not know whether we are too smart or too dumb, but we are still staying in the food business.

Q. You have also produced a number of copies of the retail price guide. I think we will not have these produced as exhibits, Mr. Chairman, but I should like to distribute them to the members of the committee. It may be we will decide later we should exhibit them, although I think Mr. Hussey can give an explanation of them which will obviate the necessity of their being reprinted.

I refer, Mr. Hussey, first of all to the foreword to this chart. It would be advisable for you to read so as to go into the record the purpose of the chart, the three first paragraphs under the heading "foreword":—

The WITNESS:

> These charts are based on the standard cutting methods as established by the Wartime Prices and Trade Board throughout Canada and are intended to be used as a guide in determining retail prices. They are based on an average of different types of cattle and designed to give a $26\frac{1}{2}$ per cent to 27 per cent yield on selling price.
>
> Retailers should make their own periodic cutting tests based on the type of cattle sold to their own trade. Due consideration must be given to seasonal demand when determining proper selling price for any particular cut. Price reductions on slow moving cuts must be properly balanced by advancing the prices on more popular cuts if the desired gross profit is to be maintained.
>
> Profitable meat merchandising is based on elimination of waste, skilful cutting and good salesmanship as well as proper pricing.
>
> Unfortunately, there is no chart that can keep you in business without your own help. It is hoped, however, that the information contained in this edition will be a practical guide and, coupled with your own knowledge, will result in years of prófitable operations.

By Mr. Dyde:

Q. Now, Mr. Hussey, I am correct in this, am I not; that you have worked out a chart and this is designed to enable the retailer at a glance to know what he should charge per pound provided he has paid a certain price per pound. That

is correct, is it not?—A. I might state this, Mr. Dyde, these are to be considered as a maximum. As you will realize, this has gone across Canada to our members in the different provinces. Some stores would not necessarily get that markup, they would not attempt it. Other stores would because the type of operations aim at these figures. It is also an attempt to give a fair section of the different types of cattle. This is based entirely on the Wartime Prices and Trade Board chart which was issued under Wartime Prices and Trade Board order. Strictly a method of adaptation of the Wartime Prices and Trade Board chart.

Q. Now, Mr. Hussey, we had evidence given before the committee on Friday last by Mr. Grisdale, and Mr. Grisdale told us that under the Wartime Prices and Trade Board price ceilings they had worked it out so that the retailer should receive a maximum of 23 per cent on blue and red brand beef, and 26¼ cents on other qualities; and the first thing that comes to my attention is the fact that in this chart you are producing your target is 26½ to 27 cents on the wholesale cost.

Mr. MAYBANK: Where did that come from, that figure of 26½?

Mr. DYDE: From the first paragraph of the foreword.

Mr. MAYBANK: Oh yes.

By Mr. Dyde:

Q. Why would you in working out this chart, why did you work it out at 26½ and 27 cents when in fact the Wartime Prices and Trade Board level was 23 cents for blue and red brand and 26¼ cents for other qualities of beef?—A. I was under the impression that the Wartime Prices and Trade Board figure allowed 26 per cent markup.

Q. Even if they allowed a 26 per cent markup that would hardly justify—

—A. You are referring to this 26½ to 27 cents figure. Under the Wartime Prices and Trade Board order you have ceilings on everything; rent, wages, paper bags—all your costs. Also during that period you had a very low sales ratio per cent; your expenses for deliveries were cut down, and wages were lower, your overhead in general was lower; so it was only logical to try and meet that. And, as I said, this is taking a cross section of business based on 10 to 20 per cent, and that is a very low percentage on beef cuts; this is trying to take in all the factors so that it would keep a man in normal, fair operation. In my own estimation these are not unfair percentages. When you aim at a 26½ to a 27-cent target you don't get 26½ or 27 per cent; most of it will be around or below 23 per cent. There is a tremendous difference between the target at which you aim and the target you actually hit. The question of price is important.

Q. All that may be perfectly true, but I still am wondering why you thought it necessary—perhaps I should draw my questions in a little different way. When was this guide issued?—A. This guide was issued approximately three months ago.

Q. In February?—A. If that is three months ago, yes. It would be around that time. This year.

Q. Yes, in 1948?—A. Yes.

Q. And is it not true that throughout the period of price controls, is it not true that you were getting as retailers a very satisfactory margin?—A. Yes. I do not think anyone could complain about the margins. You had of course several factors different from what you have now. Pretty well throughout the peak of price controls you had a seller's market at all levels; that is, from the producers through to the retailers. In other words, slow moving cuts were not slow moving cuts. There were times when a woman who would normally buy porterhouse steak was tickled to death to get that piece of shank meat. Your loss ratio as far as shrinkage, ordinarily high, was practically nil—your loss ratio with practically no shrinkage was naturally much lower.

Q. You have made it quite clear that the prices on this chart are target prices that may or may not be reached; on the other hand, the minute you go to a higher level than was permitted to the retailer under price controls are you not making a direct contribution to the inflationary spiral of prices?—A. If you could maintain these prices, if you had your perfect breakdown of costs, I would agree with you; but as I say, you have to take into consideration that you cannot get these prices, not normally. It was not usual years ago; it was not unusual for a butcher to operate on a ratio of from 30 to 35 per cent on cuts. That is now an unusual practice. As your beef goes up—I would say that the gentlemen who have received these charts—and since I received the call from you I have had requests for this information from a number of gentlemen—now, the butcher would not dare to come near that price, they could not do it, the price is too high for the consumer. We receive the consumer's reactions. Now, let me say this; I had a customer come into my store last week, one who normally buys a certain kind of meat. She had had sickness in the family, and that cut of meat came to $1.75 and knowing the situation I sold it to her for $1.65.

Q. What was the margin on that $1.65?—A. I cannot tell you that, the over-all margin.

By The Chairman:

Q. Do you think there is any one of the four groupings in meat sales; by that, I mean the producer, the packer, the retailer and the consumer—you gave an instance in the way of a deliberate sale at a reduced figure to meet a given situation—what about all four of the groups, or any one group taking a lead, altogether apart from government action, with a view to keeping the price levels of meat at an adequate and fair stage?—A. Of course, the case I gave you was an isolated instance. Naturally, I could not afford to do that all along the board. I would be out of business if I did. But I can say this; I know nothing about the cost to the producer, I know nothing about what it cost the wholesaler; I know a little of what my own costs are, and I know a little of the reaction of the public. I find a very peculiar situation in this question of high costs and the complaints about high costs. People are still demanding expensive cuts of meat. They are still demanding them. When the price of meat went up, when bacon went up, I decided to eliminate all ready-cut, packaged, sliced meat, because I could buy a side of bacon at a lower figure. I bought it for say 40 cents a pound, and my tax on that was $3.20. If I buy it at 60 cents a pound sliced it is $4.80. On top of that the packer has to charge a price for wrapping and a price for derinding, labour, the product cost, cellophane, and he has to take shrinkage on that, and it pyramids the price up. I package and I cut and slice for nothing. We are unlike a motor mechanic. When you come into my place for a piece of meat my profit is on that piece of meat. It is not like putting a rear end in your car and charging you $100 for the rear end, and also charging you $2.50 a hour for labour. If I charge you 50 cents a pound for steak I do not say that it cost me 6 cents for my labour to cut that. We do not do that. All of our profit comes out of that product that we sell. On sliced side bacon we do not charge the cost for slicing. I try to get it across to the public that it is a cheaper bacon. In fact, I used to have a pair of scissors beside my scale, and I would say, "that is all you have got to do." I use it in my own home. If you want it for the baby then you can have it. You can do that and save yourself 10 cents a pound. However, the demand has become so great within the last month that I have switched my sales of sliced bacon to about

80 per cent and unsliced bacon to about 20 per cent, in spite of my trying to get the customers to buy bacon sliced.

By Mr. Mayhew:

Q. Unsliced?—A. I mean unsliced. I slice it for them. I do not mean that they should buy it in the piece. I can understand their reluctance to buying it in the piece and trying to cut through the rind, but I slice it for them at a cheaper price. There is another point, now that we are on that, that I might bring out as to what Mr. Hales said. Mr. Hales brought out a very pertinent point about getting beef hearts. If we educate the public to buy cheaper cuts we will land into a quagmire in a way because you will find your hinds and your fores getting closed together. The differential gets less. It is the old story of supply and demand, and what there is most demand for. If your supply goes down then your price must go up. If people started to use more front quarter beef you would find your front quarters would go up and your hind quarters would go down. Your differential would be much less.

By Mr. Dyde:

Q. May I ask what type of community your store is situated in? How would you describe it, well-to-do, middle class or what?—A. I would say a middle class district, a middle class working district with about 50-50 white-collar workers, and workers. If the press ever gets that I will be ostracized.

By the Chairman:

Q. Can you help us in any other way, apart from what you have already said, as to how we can curb the increase in meat prices? Would you like to see controls back?—A. I would make this statement, that if it were not for the fact that there is a certain amount of fear of a black market that the majority of retailers in Toronto area would welcome price control. In fact, I have had them call me up several times for my opinion on it, and I believe there was a wire sent to Mr. Grisdale or to the chairman of the board deprecating the rise in price.

By Mr. Merritt:

Q. There is one question I should like to ask there. When you say they would welcome the return of price control do you mean price control in the meat industry only or over-all price control on all commodities?—A. I am speaking about the meat industry now.

By Mr. Kuhl:

Q. May I ask this witness the same question I asked Mr. Hales? Can he give an estimate as to the proportion of his costs that are represented by dominion taxation?—A. No, sir, I could not. My cost accounting system does not go that fine. I am a small independent, and as far as bookkeeping I am interested primarily in the merchandising. The bookkeeping I leave up to my father. I know approximately what our overheads are. I know what I have to get.

By Mr. Dyde:

Q. I believe you can give the committee certain particulars as to prices. I am referring now to prices which you have paid over the last period of months for both beef and certain pork cuts. I should like to have that put on the record. Will you please inform the committee how these prices were found? I think you examined your invoices, did you not?—A. That is right.

Q. And then supplied the date and the name of the company from whom you had bought the item?—A. Not on the pork products, no.

Q. Because they were from a variety of packers?—A. I took my lowest cost in pork products.

Q. And this is the item you purchased and the cost to you per pound according to the invoice?—A. That is right. After Mr. Dyde called me I tried to visualize just what you gentlemen would want.

Q. Just one minute. You are travelling a little too fast for me because I want to put on the record first the results of that particular work you have done with reference to beef and with reference to certain pork cuts. Then I will go on and ask you about what you have in front of you. I will read these so they can be put in the record.

"Former ceiling for commercial beef, October 22, 1947"—

The CHAIRMAN: Is it important to read that?

Mr. DYDE: I will be glad to put them in.

The CHAIRMAN: Unless you think it is advisable. You have not got sufficient copies for the members?

Mr. DYDE: I have not got sufficient copies to distribute them.

Mr. MAYBANK: I would suggest that if Mr. Dyde reads them we probably will not get them all as well. Would it be possible to have them mimeographed between now and 4 o'clock? It is nearly 1 now.

Mr. DYDE: Yes. It is not terribly important except for the record. It is so that we can have it for the record when the packing witnesses return.

Mr. MAYBANK: If that is the case we can take it as read and let it go in the record if the reporter has it.

BEEF

Former ceiling for commercial beef, October 22, 1947—23c per lb.

Date	Company	Item	Cost per pound c
November 11, 1947	Swift	2 C/S Comm.	23½
November 27, 1947	Swift	2 C/S Comm.	21½
December 6, 1947	Swift	1 C/S Comm.	21½
December 9, 1947	Swift	1 C/S Comm.	21½
December 16, 1947	Swift	2 C/S Comm.	25¼
December 27, 1947	Can. Packers	1 Side Comm	26
December 29, 1947	Can. Packers	1 Side Comm	26
January 2, 1948	Can. Packers	1 Side Comm	26
January 7, 1948	Can. Packers	1 Side Comm	28
January 12, 1948	Swift	1 C/S Comm.	27½
January 23, 1948	Swift	1 C/S Comm.	26¾
January 28, 1948	Swift	1 C/S Comm.	26½
February 5, 1948	Swift	1 C/S Comm.	25½
February 12, 1498	Swift	1 C/S Comm.	25
February 19, 1948	Swift	1 C/S Comm.	25
February 26, 1948	Swift	1 C/S Comm.	25
March 11, 1948	Swift	1 C/S Comm.	26
April 1, 1948	Can. Packers	1 C/S Comm.	27½
April 6, 1948	Can. Packers	1 C/S Comm.	27½
April 13, 1948	Can. Packers	1 C/S Comm.	28

Mr. DYDE: Then I am also producing a table for fresh pork cuts taken from the witness' invoices over the period since decontrol.

Mr. MAYBANK: The same remark applies.

Mr. DYDE: The same remark applies.

PORK

(Former ceiling at wholesale for pork butts was 28·75c per lb. and for fresh loins was 33c per lb.)

Date	Butts in c per lb.	Loins in c per lb.
1947, November 13	..	35½
November 15	31	35½
November 20	31	35¾
November 27	31	35¾
December 6	31	..
December 13	32	34½
1948, January 2	34	..
January 8	39¾	44¾
January 15	40	..
January 22	40	..
January 26	40	..
January 29	..	45
January 30	40	..
February 5	..	45
February 10	..	45
February 12	..	44
February 13	40	45
February 21	40	45
February 26	39	..
March 2	41	44
March 5	41	..
March 8	..	45
March 11	..	43½
March 13	..	43½
March 18	..	43½
March 25	42	44
April 2	..	45
April 4	43	45
April 9	43½	45
April 24	43	45

By Mr. Dyde:

Q. Now, before we adjourn, perhaps you can give the committee something you have worked out as a comparison between this year and a year ago, and let us confine our attention to one or two items. Let us take side bacon, rind off, in half-pound package, sliced. What is the comparison between now and a year ago?—A. I have set my table up, name of the product, which is side bacon, rind off, in half-pound packages. The next column is cost as set by the Wartime Prices and Trade Board, January, 1947.

Q. What was that?—A. That cost is 47 cents. The next column is sales tax at 8 per cent, 3·76 cents, giving a total cost in the next column of 50·76 cents. Now we have the selling price set by the Wartime Prices and Trade Board order of January 15, 1947, at 65 cents a pound, showing a gross margin in cents of 14·24 cents, and a gross margin in percentage of 21·9 per cent. That is the picture under controls.

The picture as of the first two weeks in April is, cost 61 cents. That is the cost to me, the wholesale selling price to me, 61 cents; tax at 8 per cent, 4·88 cents.

Q. Just one minute. That corresponds with a tax of 3·76 cents a year ago.—A. Yes. There is a difference of 1·12 cents more tax paid.

Q. Total cost to you?—A. Total cost to me is 65·88 cents, and the selling price as of April, 1948—I might say this is for half-pound packages. It is sold as a rule for one cent a pound less for a pound. If I sold two half-pound packages it would be 79 cents, but I have it here at 80 cents, 40 cents for a half-pound package. The gross margin in cents is 14·12 cents, and the gross margin in percentage is 17·15.

Q. So that your margin in cents is slightly less?—A. 12/100ths of a cent less, and a matter of approximately 4·75 per cent less.

By Mr. Irvine:

Q. And your price is how much higher?—A. Our price is 15 cents a pound higher to the consumer.

By Mr. Maybank:

Q. Is that margin reckoned on the basis of the selling cost?—A. All costs in the retail trade are on selling cost.

Q. Always on selling cost?—A. All on selling price.

By Mr. Dyde:

Q. You would also be willing to produce a similar set of figures for other items in the pork business?—A. In the pork business I picked out eight items which I considered were your volume items in the pork business. I do not think non-volume items should be considered. I do not think they reflect enough in your cost of living. We talk about tenderloins. They are a ridiculous price right now. I will not handle them at the price they are. I try to discourage people who want them. I will not handle chicken. I discourage people from buying these products when they are a high price. Up to two weeks ago I had nothing in my own store but beef and pork because the price was too high. By reason of demand I have been forced to put in veal in the last two weeks. I cut up a pair of hinds of veal last week which cost me 38 cents a pound, and after I got through my meat test I lost nearly $10 for the simple reason I could not get the price. It was too high. I am not holding myself up as an example. I hear this in the trade. The trade in Toronto is very worried about their gross profit. They are finding their gross profit and their net are coming very close together. I would say that if anyone is subsidizing the cost of living today the retail trade is doing it. That is my honest opinion.

Mr. IRVINE: What was that last remark?

The WITNESS: I would say, sir, if anyone is subsidizing the cost of living today it is the retail trade which is doing it.

The CHAIRMAN: We will adjourn until 4 o'clock, but before we do so I would say that we have already decided that tomorrow at 4 o'clock we will hold an executive session. I think, before we proceed with the executive session we will take a little time to hear Dr. Pett, who has made his examinations of the various breads. I think it will be convenient to have his evidence so that it will be available at the proper time. It will only take a few minutes.

Mr. MAYBANK: We will hear Dr. Pett at 4 o'clock, before the executive session?

The CHAIRMAN: Yes. I think his evidence will be important with respect to bread. He is going away on an extended departmental trip, so I think we ought to hear him tomorrow afternoon.

The meeting adjourned, to meet again this afternoon at 4 o'clock.

AFTERNOON SESSION

The Committee resumed at 4 p.m.

Vincent Charles Davis, in charge of meat operations, Loblaw Groceterias, called and sworn:

By Mr. Dyde:

Q. Mr. Davis, would you give us your name, please?—A. Vincent Charles Davis.

Q. And your address?—A. 286 Indian Road, Toronto.

Q. And your occupation?—A. In charge of meat operations, Loblaw Groceterias.

Q. You have been requested to bring certain information for the committee which is contained in a number of sheets which are now before us. Is that right?—A. That is correct.

LOBLAW SYNOPSIS OF MEAT DEPT. SALES AND GROSS MARK UP BY FOUR WEEK PERIODS

Period ending—	Dec. 14, 1946	Jan. 11, 1947	Feb. 8, 1947	Oct. 18, 1947	Nov. 15, 1947	Dec. 13, 1947	Jan. 10, 1948	Feb. 7, 1948	Mar. 6, 1948	Apr. 3, 1948	Two weeks to Apr. 17, 1948
Sales $	787,356	790,334	758,120	922,703	1,039,399	1,037,848	1,140,947	1,141,376	1,203,477	1,271,[illegible]	[illegible]845
Gross profit $	157,881	159,292	175,387	211,963	224,060	218,999	217,335	200,911	185,496	186,531	97,160
Gross profit.....%	20·0	20·2	23·1	23·0	21·6	21·1	19·1	17·6	15·4	14·7	15·6

SHEET No. 1

LOINS OF PORK

Date	Exhibit No. 94 prices @ wholesale	Exhibit No. 94 prices @ retail	P.c. mark-up	Loblaw Cost	Loblaw Selling Price	P.c. mark-up set
1947						
Oct. 30	36	47	23·40	36	48	25·00
Nov. 13	35½	47	25·00	34	45	24·25
1948						
Jan. 12	44½	57	22·00	42½	55	22·75
Jan. 26	44½	59	24·50	42½	55	22·75
Feb. 10	44	57	23·00	42½	47	9·57
Feb. 24	44	58	24·00	42½	47	9·57
Mar. 2	44	54	18·50	43	48	10·50
Mar. 9	44½	52	14·00	43	48	10·50
Mar. 16	44½	52	14·00	43	48	10·50
Mar. 30				45	51	11·75
Apr. 3				45	51	11·75
Apr. 10				45	53	15·00
Apr. 17				45	53	15·00

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SHEET No. 2

REGULAR SMOKED HAMS—BONE IN

Date	Exhibit No. 94 whole-sale cost	Plus 8 p.c. sales tax	Total Cost to retailer	Exhibit No. 94 retail selling price	P.c. mark-up	Loblaw Whole-sale cost	Plus 8 p.c. sales tax	Total Cost to Loblaw	Loblaw Retail selling price	P.c. mark-up set
1947										
Oct. 30	36.50	2.92	39.42	55	28·33	38.00	3.04	41.04	54	24·00
Nov. 13	38.00	3.04	41.04	53	22·56	38.00	3.04	41.04	51	19·53
1948										
Jan. 12	45.00	3.60	48.60	56	13·00	43.00	3.44	46.44	59	21·29
Jan. 26	43.00	3.44	46.44	58	20·00	42.25	3.38	45.63	59	22·00
Feb. 10	43.00	3.44	46.44	59	21·50	42.25	3.38	45.63	57	20·00
Feb. 24	42.00	3.36	45.36	52	13·00	40½	3.24	43.74	51	14·00
Mar. 2	41.00	3.28	44.28	51	13·00	40½	3.24	43.74	51	14·00
Mar. 9	41.00	3.28	44·28	54	18·00	40½	3.24	43.74	51	14·00
Mar. 16	41.50	3.32	44.82	54	17·00	41½	3.32	44.82	53	15·50
Mar. 30	...	...	...	...	...	43.50	3.48	46.98	53	11·50
Apr. 3	...	...	...	...	...	43.50	3.48	46.98	53	11·50
Apr. 10	...	...	...	...	...	43.50	3.48	46.98	55	15·00
Apr. 17	...	...	...	...	...	43.50	3.48	46.98	55	15·00

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CARCASS BEEF SHEET

SHEET No. 3

Date	Exhibit No. 94 red beef costs	Exhibit No. 94 blue beef costs	Exhibit No. 94 comm. beef costs	Loblaw red beef cost	Loblaw p.c. mark-up set	Loblaw blue beef cost	P.c. mark-up set	Loblaw comm. beef cost	P.c. mark-up set
1946									
Jan.	...	...	...	21.00	21·00	20.00	23·00	20.00	23·00
1947									
Jan.	...	...	...	23.00	22.00	22.00	23·00	21.00	24·00
Oct. 27	25.50	...	23.75	25.50	22·00	24.50	24.00	23.50	25.00
Nov. 6	26.00	...	23.75	25.50	22·00	24.50	24·00	23.50	25·00
Nov. 13	26.25	...	24.25	25.50	22·00	24.50	24.00	23.50	25.00
Nov. 20	26.00	...	22.50	25.00	21·00	24.00	23.00	23.00	24·00
Nov. 27	26.00	...	22.50	25.00	21·00	24.00	24·00	23.00	24·00
Dec. 11	26.50	...	23.50	25.00	21·00	24·00	24·00	23.00	24·00
Dec. 23	27.25	...	25.00	26.00	19·50	24.50	23·00	23.00	23·00
Dec. 31	28.00	...	25.50	26.00	19·35	24.50	23·00	23.00	23·00
1948									
Jan. 8	28.50	...	27.00	26.00	19·35	24.50	23.00	23.00	23·00
Jan. 20	28.00	...	26.50	28.50	19·24	27.50	21·00	25.75	24·00
Jan. 26	27.00	...	25.50	28.25	19·63	27.25	22.40	25.75	24·00
Feb. 2	27.50	...	26.00	27.75	17·61	26.75	20·58	25.75	23·55
Feb. 5	...	...	...	27.75	17·61	26.75	20·58	25.75	23·55
Feb. 10	28.00	...	25.50	27.75	17·61	26.75	20·58	25.75	23·55
Feb. 12	28.00	...	25.50	27.75	17·61	26.75	20.58	25.75	20·58
Feb. 16	27.00	...	25.00	27.75	16·29	26.75	19·31	25.75	22·32
Feb. 24	27.00	...	24.00	26.75	19·57	25.75	22·50	24.75	24·50
Mar. 2	27.50	...	25.50	26.75	19·57	25.75	23·90	24.75	24·50
Mar. 5	...	...	...	26.75	19·89	25.75	22·88	24.75	24·76
Mar. 9	28.50	...	26.50	27.75	16·89	26.75	19·89	26.25	21·38
Mar. 16	28.50	...	27.50	28.50	14·65	27.50	17·64	26.50	20·63
Apr. 7	...	...	...	28.50	16·03	27.50	18·97	26.50	21·90
Apr. 16	...	...	...	28.50	19·04	27.50	21·92	26.50	23·76

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SHEET No. 4

VISKING COTTAGE ROLLS

Date	Exhibit No. 94 wholesale cost	Plus 8 p.c. sales tax	Total Cost to retailer	Exhibit No. 94 retail selling price	P.c. mark-up	Loblaw Wholesale cost	Plus 8 p.c. sales tax	Total Cost to Loblaw	Loblaw Retail selling price	P.c. mark up
1947										
Oct. 30	41½	3.32	44.82	59	24·03	42.50	3.[illegible]	[illegible]	[illegible]	[illegible]
Nov. 13	41	3.28	44.28	60	26·20	42.50	3.40	45.90	[illegible]	[illegible]
1948										
Jan. 12	48	3.84	51.84	64	19·00	49.00	3.92	52.92	63	16·00
Jan. 26	48	3.84	51.84	64	19·00	49.00	3.92	52.92	61	13·25
Feb. 10	47	3.76	50.76	65	21·75	46.00	3.68	49.68	61	18·50
Feb. 24	47	3.76	50.76	62	18·00	45.00	3.60	48.60	61	20·25
Mar. 2	46	3.68	49.68	64	22·25	45.00	3.60	48.60	61	20·25
Mar. 9	47	3.76	50.76	61	16·75	47.00	3.76	50.76	61	16·75
Mar. 16	48	3.84	51.84	61½	15·75	47.00	3.76	50.76	61	16·75
Mar. 30	....	....	....	....	....	49.00	3.92	52.92	64	17·25
Apr. 3	....	....	....	....	....	49.00	3.92	52.92	64	17·25
Apr. 10	....	....	....	....	....	49.00	3.92	52.92	67	21·00
Apr. 17	....	....	....	....	....	49.00	3.92	52.92	67	21·00

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SHEET No. 5

RINDLESS SIDE BACON IN CELLOPHANE PACKAGE

Date	Exhibit No. 94 wholesale cost	Plus 8 p.c. sales tax	Total Cost to retailer	Exhibit No. 94 retail selling price	P.c. mark-up	Loblaw Wholesale cost	Plus 8 p.c. sales tax	Total Cost to Loblaw	Loblaw Retail selling price	P.c. mark-up set
1947										
Oct. 30	50.00	4.00	54.00	71	24·00	49.75	3.98	53.73	65	17·25
Nov. 13	49.50	3.96	53.46	69	22·50	49.75	3.98	53.73	67	19·75
1948										
Jan. 12	64.00	5.12	69.12	78	11·25	59.50	4.75	64.25	79	18·50
Jan. 26	64.00	5.12	69.12	77	10·00	59.50	4.75	64.25	74	13·00
Feb. 10	63.00	5.04	68.04	78	12·75	59.50	4.75	64.25	74	13·00
Feb. 24	62.00	4.96	66.96	80	16·25	59.50	4.75	64.25	74	13·00
Mar. 2	59.00	4.72	63.72	78	18·25	57.00	4.56	61.56	74	16·75
Mar. 9	62.00	4.96	66.96	80	16·50	62.00	4.96	66.96	74	9·50
Mar. 16	63.00	5.04	68.04	80	15·00	59.50	4.75	64.25	74	13·00
Mar. 30	....	....	....	....	....	62.00	4.96	66.96	74	9·50
Apr. 3	....	....	....	....	....	62.00	4.96	66.96	74	9·50
Apr. 10	....	....	....	....	....	62.00	4.96	66.96	78	14·00
Apr. 17	....	....	....	....	....	62.00	4.96	66.96	78	14·00

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SHEET No. 6

CASING BACK SHEET

Date	Exhibit No. 94 whole-sale cost	Plus 8 p.c. sales tax	Total Cost to retailer	Exhibit No. 94 retail selling price	P.c. mark-up	Loblaw Whole-sale cost	Plus 8 p.c. sales tax	Total Cost to Loblaw	Loblaw Retail selling price	P.c. mark-up
1947										
Oct. 30	58.25	4.66	62.91	....	....	58.00	4.64	62.64	81	22·50
Nov. 13	57.75	4.62	62.37	....	....	58.00	4.64	62.64	85	26·25
1948										
Jan. 12	63.00	5.04	68.04	....	....	61.00	4.88	65.88	86	23·00
Jan. 26	....	....	....	....	....	61.00	4.88	65.88	83	20·50
Feb. 10	62.00	4.96	66.96	....	....	61.00	4.88	65.88	83	20·50
Feb. 24	58.00	4.64	62.64	....	....	61.00	4.88	65.88	83	20·50
Mar. 2	58.00	4.64	62.64	....	....	61.00	4.88	65.88	83	20·50
Mar. 9	63.50	5.08	68.58	....	....	61.00	4.88	65.88	83	20·50
Mar. 16	64.00	5.12	69.12	....	....	64.00	5.12	69.12	83	16·75
Mar. 30	....	....	....	....	....	64.00	5.12	69.12	83	16·75
Apr. 3	....	....	....	....	....	64.00	5.12	69.12	85	18·75
Apr. 10	....	....	....	....	....	64.00	5.12	69.12	85	18·75
Apr. 17	....	....	....	....	....					

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SHEET No. 7

COOKED HAMS SHEET

Date	Exhibit No. 94 whole-sale cost	Plus 8 p.c. sales tax	Total Cost to retailer	Exhibit No. 94 retail selling price	P.c. mark-up	Loblaw Whole-sale cost	Plus 8 p.c. sales tax	Total Cost to Loblaw	Loblaw Retail selling price	P.c. mark-u
1947										
Oct. 30	....	....	....	....	....	60.00	4.80	64.80	85	23·75
Nov. 13	....	....	....	....	....	59.00	4.72	63.72	85	25·00
1948										
Jan. 12	....	....	....	....	....	65.00	5.20	70.20	89	21·00
Jan. 26	....	....	....	....	....	65.00	5.20	70.20	89	21·00
Feb. 10	....	....	....	....	....	59.00	4.72	63.72	81	21·25
Feb. 24	....	....	....	....	....	59.00	4.72	63.72	81	21·25
Mar. 2	....	....	....	....	....	60.00	4.80	64.80	81	20·00
Mar. 9	....	....	....	....	....	60.00	4.80	64.80	81	20·00
Mar. 16	....	....	....	....	....	60.00	4.80	64.80	81	20·00
Mar. 30	....	....	....	....	....	62.00	4.96	66.96	81	17·25
Apr. 3	....	....	....	....	....	62.00	4.96	66.96	81	17·25
Apr. 10	....	....	....	....	....	63.00	5.04	68.04	85	20·00
Apr. 17	....	....	....	....	....	63.00	5.04	68.04	85	20·00

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COMPARISON OF PRICES OF SELECTED RED BRAND BEEF CUTS AT RETAIL WITH FORMER CEILINGS

(Average in cents per pound)

OCTOBER 30, 1947 TO MARCH 16, 1948

TORONTO

	Sirloin steak or roast		5 bone rib roast bone in		5 bone rib roast boneless		Stewing beef		Hamburger	
	Exhibit No. 94 prices	Loblaw prices	Exhibit No. 94 prices	Loblaw prices	Exhibit No. 94 prices	Loblaw Prices	Exhibit No. 94 prices	Loblaw prices	Exhibit No. 94 prices	Loblaw prices
Former ceiling	53		40	.	53		28		28	
1947										
Oct. 30	53	49	36	39	51	[illegible]	30	29	28	29
Nov. 13	53½	49	40	39	55½	51	29	29	29	29
1948										
Jan. 12	59	49	45	41	55	53	[illegible]	[illegible]	[illegible]	32
Jan. 26	60	49	47	41	59	52	[illegible]	32	[illegible]	32
Feb. 10	60	49	......	41	57½	53	....	32	[illegible]	32
Feb. 24	57½	49	47	41	55	53	.	[illegible]	[illegible]	[illegible]
Mar. 2	54	49	......	41	56½	53		[illegible]	[illegible]	[illegible]
Mar. 9 . .	60	49	45	43	54½	55	33	[illegible]	28	[illegible]
Mar. 16	59	49	43	43	55	55	31½	[illegible]	28½	[illegible]
Apr. 16 ..	.	51	..	45	...	59	....	31	...	[illegible]
Apr. 21	.....	53	.....	45	..	59	.	32	...	[illegible]

By Mr. Dyde:

Q. I think we might look at these page by page. Looking at the front page, which is a synopsis of meat department sales and gross mark-up, it is divided into four week periods, and the gross profit which is shown as a comparison is a gross profit on sales, is it not?—A. That is correct, sir.

Mr. DYDE: I think perhaps I should call the attention of members of the committee to the fact that an earlier stage in our proceedings Mr. Meech of Loblaw's gave us a long list of gross margins which appeared, for purposes of reference, at pages 653 and 654 of the proceedings.

By Mr. Dyde:

Q. Now, in your sales, Mr. Davis, I notice in the period ended November 15, 1947, December 13, 1947 and from then on your gross sales in dollars are over a million dollars. I think there is an indication that the consumer is buying pretty readily through that period; is that not so?—A. As far as our store is concerned, yes.

Q. And that includes the periods of the higher prices, does it not?—A. Not in all cases.

Q. Not in all cases. Which are the lower prices?—A. I would not consider our high prices had started until, as far as beef is concerned, December, 1947, and continued on to the present day. Pork prices sharply advanced after January 10 or January 1.

Q. Have you any explanation for the continued demand during that period, consumer demand, because we have heard here of a good deal of consumer resistance towards the end of January and the beginning of February?—A. That is correct as far as smoked meat, cured meat and fresh pork is concerned. It did not apply to beef.

Q. Then may I come to the present time. You have been able to quote the two week period ending April 17?—A. That is correct.

Q. What is your experience with regard to consumer resistance or consumer demand today?—A. In certain cuts there is considerable resistance.

Q. Are you able to say which cuts?—A. Well, I would say on your higher priced steaks such as porterhouse, sirloin, any cut in the hind quarter. There is still resistance on smoked meats, which includes bacon.

Q. Do you sell your bacon always in a package?—A. No, we slice the biggest part of our bacon in the meat department.

Q. Perhaps we will come to that at a later page when we are dealing with the actual items themselves. Then I also notice that expressed as a percentage gross profit in the lowest line has fallen during the period from October, 1947, until the period ending April 3, 1948, and then in the two week period ending April 17 there is an increase again. Are you able to explain the increase in the two week period ending April 17?—A. That would be much of a guess on that one. It is not much of an increase, 1 per cent.

Mr. THATCHER: I did not follow that question. What was that question?

Mr. DYDE: I was asking if he could explain the reason for there being an increase in the two weeks period ending April 17. Is it because of increased prices?—A. No, I would not say that. I would say it is more orderly operation.

Q. How does your operation differ in those two weeks than in the previous period?—A. Customer resistance.

Q. Customer resistance again?—A. Definitely, and carryovers.

Q. How does customer resistance result in a larger gross profit to you?—A. Less waste, reconversion of products.

Q. What is the last one?—A. Reconversion of products.

Q. What is that?—A. It would mean you would have a roast carried over from Saturday and would reconvert that into stewing meat at the first of the week, or some particular cut; for instance, a porterhouse may move more readily or a rib roast may move more readily. The result is a more orderly operation and reduction of stocks which would have an effect on the gross margin.

Q. The example you gave us does not seem to quite carry that out. If you have a roast of beef that you carry over from Saturday until Monday, and if you had sold it on Saturday as a roast of beef you would have made a better mark-up, would you not?—A. That is correct.

Q. When you turn it into stewing beef on Monday you are going to make a lesser mark-up?—A. Absolutely.

Q. Then why does that create an orderly way of doing business resulting in your gross margin better?—A. That was only one of the items I gave you. Orderly operation would be better. In other words, when you buy a certain amount of a product featuring that you are going to sell that product and there is customer resistance then there is waste the following week, so as quickly as you can you move it. In other words, when you get your store in shape and your market is in shape then your carry-over is not nearly as great.

By Mr. Irvine:

Q. Does that mean that logically the more resistance there is the higher the profit of the retailer would be?—A. It could be one of the factors, but the usual procedure is to get your house in order. In other words, if a store is using 10 cattle a week and he cannot move them, then you get it down to 8 and then it will help.

By Mr. Beaudry:

Q. The figures for gross sales do not seem to indicate that was the case in the first two weeks of April.—A. That depends on what they are made up of, of course.

By Mr. Dyde:

Q. The simplest explanation you could give us is the one you [illegible] giving us, and that is, increase in prices. I am really wondering why you avoid that because you certainly have had an increase in prices, have you not?—A. Not in too many cases, and not according to cost.

By the Chairman:

Q. Not according to what?—A. Costs. Your increased selling price has not risen as fast as cost.

By Mr. Thatcher:

Q. That would not affect prices at all.—A. It would affect your mark-up.

Q. It does not alter the fact that prices have gone up, no matter what it cost?—A. That is right. Prices go up and you have to pay more for it and you sell it for more, or you hope to.

By Mr. Dyde:

Q. We may come back to that question when we have looked at some of the succeeding pages and have seen where your prices did go.

By Mr. Thatcher:

Q. Before you leave that page is it not a fact that your sales went up considerably when ceilings came off, and also your profits in your meat department?—A. No, I would say our profits went down after ceilings came off.

Q. For instance, in January, 1948, after the British contract, your gross profit is $217,000 as against $159,000 for January, 1947, an increase of roughly 36 per cent.—A. There is a difference in volume.

Q. Your volume is up, too?—A. That is right.

Q. But your profits did go up. February is $200,000 as against $175,000. In March they dropped again, and in April they dropped, but in January and February— —A. Of what year?

Q. January and February, 1948, your sales and profits were both up as compared with the previous year. Is that not correct?—A. No, the profits are not up.

The CHAIRMAN: The gross profit is down in January.

Mr. THATCHER: No, it is up. It is up 36 per cent for January, for instance.

Mr. BEAUDRY: So is the volume.

The WITNESS: So is the volume up but the gross mark-up is down 1·2.

By Mr. Thatcher:

Q. I know that, but the profits of your meat department did jump considerably when ceilings were removed according to this, is that not correct?—A. No, I would not say that.

Q. Let me put it this way. You sold more meat and you made more money after ceilings were removed than you did a year ago on the same period. I think that is evident.

Mr. MERRITT: You must see that it says here "gross profit."

Mr. THATCHER: Dollar profit and percentage profit. I admit the percentage profit is down but the dollar profit is up, and up quite considerably according to these figures.

Mr. KUHL: You could answer that question both yes and no and still be right.

By Mr. Thatcher:

Q. I am asking about the dollar profit, though—A. I do not see that the dollar profit is up. Possibly I do not understand your question or you are looking at different figures than I am.

Q. December of 1947, was $218,000. As I read the chart a year ago it was $157,000. Am I right in that?

Mr. BEAUDRY: December, 1946.

The WITNESS: 1946.

Mr. THATCHER: In the next period it is $217,000 for January against $159,000.

The CHAIRMAN: That is right.

Mr. THATCHER: In February it is $200,000 as against $175,000.

The CHAIRMAN: That is right.

Mr. THATCHER: In March you have not got the comparative figure. I cannot compare March or April, but in the months you show you made considerably more profit in those months than you did a year previous to that.

The CHAIRMAN: No, surely not.

The WITNESS: I cannot see that.

The CHAIRMAN: It is just the opposite.

The WITNESS: Just the opposite, according to my figuring.

Mr. KUHL: You mean gross profit?

Mr. THATCHER: No, dollar profit.

The WITNESS: I look at the gross mark-up and it is lower in the months you have mentioned and yet you say we made more.

Mr. THATCHER: Maybe I do not see it. I should like to have that explained. In December, 1947, it is $218,000 against $157,000. Is that not more?

The CHAIRMAN: Yes, but look at the gross profit for those two years. You will see while it was up in December of 1947 the gross profit was only 21·1 while the gross was $157,000.

Mr. THATCHER: That is percentage profit. I am talking about dollar profit.

Mr. BEAUDRY: There were twice the sales.

Mr. THATCHER: The point I am driving at is that Loblaw's made considerably more in their meat department after the ceilings were removed than in the year previous?

The WITNESS: No, we did not make more money on that increased volume. We sold a lot more meat.

By Mr. Thatcher:

Q. Sure you sold more meat but you made more dollars in profits in your meat department?—A. If you sell $5,000,000 against $3,000,000 you are bound to have more dollars.

Q. I do not care how you get it. The fact is you did make a greater dollar profit in your meat department in those months than you did a year ago?—A. Not make it, no, I cannot agree.

Q. Taking that page will you tell me how you made less money?—A. Because we ended up with 19·1 against 20·1.

Q. Your expenses were greater proportionately?—A. No, that is the return. In dollars you made considerably more in each month—more than you did a year ago—and I am talking of actual hard cash.

Mr. BEAUDRY: The output was considerably higher?

Mr. THATCHER: That may have been.

The CHAIRMAN: Mr. Matthews—Mr. Thatcher, you have got me so confused I am calling by some other name. Surely it is important to add the fact that the volume was higher. If you just say they made more money it does not give a full picture. In 1947 their gross profit was greater—dollar profit and gross percentage profit—but so was the volume, and you have to include that or it is not fair and it gives a wrong impression.

Mr. THATCHER: I made the statement and I verified it by these figures. I am not trying to be facetious.

The CHAIRMAN: No, this is just our siesta period.

Mr. THATCHER: As far as hard cash is concerned Loblaws made considerably more in this period after ceilings were removed than they did a year ago.

Mr. BEAUDRY: They made that in gross dollars.

The WITNESS: We took in more dollars but we did not make more dollars.

Mr. THATCHER: Your gross profit is—

The WITNESS: Is less.

Mr. THATCHER: The third column, in December, shows $218,000 as against $157,000?

Mr. BEAUDRY: The return per dollar was smaller.

Mr. THATCHER: The dollar gross profit was $218,000 as against $157,000.

The CHAIRMAN: That is right, but look at the figures above?

Mr. THATCHER: That is all right, I am not denying what you say but I want the witness to admit his gross dollar profit, the gross dollar profit made by Loblaws Groceterias in meat, was greater in the same period than it was a year ago.

The WITNESS: I can only answer that we took in more money by selling more meat.

Mr. THATCHER: So your gross dollar profit was greater—

The WITNESS: It was less.

Mr. BEAUDRY: What will the obtaining of this admission on the record prove?

Mr. IRVINE: It does not matter what it proves, is it so?

The CHAIRMAN: I think Mr. Thatcher has a right to interrogate, but I do not think he should go on indefinitely.

Mr. THATCHER: I would like to know if I am wrong? Perhaps I cannot read correctly; maybe I do not interpret this correctly, but it is $218,000 this year as against $157,000 last year and it looks to me considerably greater. For January it was $217,000 as against $159,000 and that is 36 per cent more dollars made by the meat department than was made a year ago, unless I misinterpret the figures?

The CHAIRMAN: There is no doubt but that they sold more.

Mr. THATCHER: True, true.

The CHAIRMAN: We are agreed on that.

Mr. MAYHEW: You are a business man, Mr. Thatcher, and you would expect to make more if your volume was greater?

Mr. THATCHER: Oh yes, I know that.

Mr. MERRITT: Why continue if there is nothing to be gained by pursuing the question.

Mr. MAYHEW: Business was better in December 1947 than it was in December 1946.

Mr. THATCHER: It was better in dollar profit. Mr. Chairman I do not wish to be obnoxious—

The CHAIRMAN: You are not being obnoxious, you are persevering.

By Mr. Thatcher:

Q. It is here in black and white.—A. As far as the meat operation is concerned we look at the gross mark-up that is left, and it is 19·1 per cent, as against the year about which you are talking where the figure is 22 per cent. We as operators only know those figures.

Q. I am talking about dollar profit?—A. It is less money on the volume sold.

Q. That may be, but your dollar profit was greater—regardless of the proportions or the percentage—your dollar profit was greater, considerably greater than it was a year ago, due to the fact you sold more meat?—A. That is true, the figures show it.

Q. That is what I wanted you to say?—A. The figures show that.

Q. I will proceed from that in a minute or two.

Mr. DYDE: I am going on to the next page, if it is agreeable?

The CHAIRMAN: Yes.

By Mr. Dyde:

Q. You had the benefit of seeing exhibit 94 which was before the committee when making up this sheet, Mr. Davis, and you were asked in setting up this sheet to give us a comparison of your cost with the cost found on exhibit 94 for this particular item which you are selling. You were asked to give us the price and the percentage of mark-up. The columns are headed percentage of mark-up Loblaw cost, Loblaw selling price, and mark-up set. There is a reason for that being done, gentlemen. I asked Mr. Davis to provide a mark-up whether in fact in actual fact his company received it. My information was that a store like Loblaws will sometimes set a mark-up and will not always obtain it, but they do have a mark-up. Am I correct in outlining the practice in that way?—A. That is correct, yes.

Q. The only other matter on which I wanted to ask you in connection with those headings was when you show Loblaw's selling price in the last column but one are you allowing for the fact pork loins are sometimes sold as one thing and sometines sold as another?—A. I do not just understand that question. They are all sold for pork loins as a rule.

Q. Do you sell the whole loin of pork as a loin?—A. No, we cut it into chops and also roasts.

Q. And you sell chops and roasts at a different price?—A. That is correct.

Q. All I am asking you is whether your selling price makes provision for the fact some cuts are sold at one price and some sold at another?—A. That is correct.

Q. You have a ceiling price of 48 cents as at October 30, can you say what your pork roasts were then selling for, and what pork loins were selling for?—A. It would all go back to 48 cents in any case if the entire loin was sold—if all the stock was sold without shrink or trim—but there is a variation between chops and roasts.

Q. What is the variation?—A. It will vary depending on the cost. It could be 5 cents a pound lower for centre cuts and 5 cents more for end cuts but it depends on the primary cost and on consumer acceptance.

Q. You cannot give me a figure which would be in effect at October 30?—A. No.

Q. At a later date could you give me a figure—say for April 17?—A. No, none of these dates will give the price of the different cuts.

Q. All right, now in running down the columns [illegible] exhibit 94 price at wholesale, and then I am going over to [illegible] col [illegible] and I see that on October 30 according to exhibit No. 94 the wholesale price was [illegible] cents and your cost was [illegible] cents. Therefore, your [illegible] comparative figures are slightly lower than the wholesale costs shown on exhibit No. 94. There is a question which occurs to me and [illegible] to answer. Is that lower price due to the fact that you [illegible] price than that shown on exhibit 94 because you buy in [illegible] cases, but the explanation would be that we bought from a different market than the one from which you have quoted. That would be one of the facters.

Q. Do you sometimes get a better price for volume buying?—A. Not very often but we always hope to do so.

Q. Do you occasionally?—A. Yes.

Q. Can you say whether this is one case where you got a slightly better price?—A. No, it is not. I definitely know that those loins were bought from another market. We were bringing a large percentage of loins from the Montreal market which is cheaper than the Toronto market.

Q. That is a regular practice, is it?—A. Yes.

Q. Do you buy from wholesale centres other than Montreal?—A. There is other pork bought in Ontario, yes.

Q. In connection with the retail prices set out on exhibit 94 we have had evidence as to how they were obtained and we find that your sale price is below the retail exhibit as shown on exhibit 94. The variation is not extraordinary great except when you came down to February 16, 1948 and there the [illegible] price on exhibit No. 94 is shown as 57 cents and your selling price is 47 cents. On February 24 the selling price according to exhibit 94 is 57 cents but your selling price is still 47 cents. In the week following there is a considerable spread between your price and the price on exhibit No. 94—the retail price. Have you any particular view as to why that should be?—A. That goes back to consumer resistance as far as smoked meats are concerned. It was getting rid of the property that we owned and it was only a matter of putting it where the consumer would purchase it. Our problem is the same as the problem of this committee and that is to give the housewife a reasonable and fair price.

Q. I have no further questions on that sheet.

By Mr. Harkness:

Q. Just before you leave that, having put the price down so that your mark-up was only 9·57 per cent you apparently kept it down to that figure until about the middle of April when you raised it again. What is the explanation of that? Is it the fact that consumer resistance had weakened by that time?—A. I would say our stocks were in better order. You could not continue to operate on such a margin as that sacrifice sale of February 24. Instead of owning 1,000 pork loins we would certainly only own 500, so the mark-up would naturally rise.

Q. This figure 9·57 and 11·75 that you made during that several week period is operation at a loss as far as you are concerned?—A. Sacrifice sales.

Q. You were selling meat at a loss during that period?—A. I do not say a loss. You could perhaps sell at 100 per cent loss at a time like that. It is a matter of unloading the property you now own in order to get rid of it as quickly as you can.

Q. Those sales represented a loss as far as you were concerned?—A. They would on that particular line.

Q. When you got the price up to 15 per cent would it still represent a loss?—A. No, I would not say so.

Mr. Irvine: Are you finished?

Mr. Harkness: Yes.

By Mr. Irvine:

Q. About October 30 you have a mark-up of 25 per cent, that is right, is it not?—A. That is correct.

Q. That would be about the time the price ceilings came off, would it not?—A. October 22 was when the ceilings came off.

Q. Yes. On February 10 we find you have a mark-up of 9·57 per cent. That would appear to show that price ceilings were a very good thing for you?—A. I would not agree they were a good thing. I would say this showed bad ordering and bad control of stocks.

Q. Would you say a mark-up of 25 per cent was better than a mark-up of 9·57 per cent?—A. Yes.

Q. And to that extent price ceilings were better?—A. I would not say ceilings were the cause of that.

Q. Apparently when the ceilings went the percentage went because they kept on going right down?

Mr. THATCHER: The profits are going up?

By Mr. Dyde:

Q. Do you remember what your percentage was as permitted by the Wartime Prices and Trade Board with respect to this particular item?—A. About 27 per cent.

Q. 27 per cent?—A. That was the maximum under the order.

Q. At this particular time what did you do? Did you represent to them that you had too many losses and that there was consumer resistance?—A. We stopped buying.

Q. And therefore you wanted to get your pork at a cheaper price?—A. Yes.

Q. What did they say?—A. There was just no answer to that. We got in pork we did not want with consumer resistance at that price. Unfortunately, with a chain store this size, you cannot always get every town or city shut off at the same time. There may not be the same resistance in every town and area; that is another factor. It is purely sacrifice selling, so far as that pork is concerned.

By Mr. Dyde:

Q. On sheet No. 2, you have gone through the same procedure with regard to smoked hams. If I may summarize the matter a little bit there was not, apparently the same drop in your mark-up in that period of January and February. Now, would that be because of consumer demand again?—A. It is partially that but, smoked meats or cured meats are not as highly perishable as fresh pork. You must move fresh pork.

Q. Again I find that your wholesale cost is, on the whole, slightly below the wholesale cost on exhibit 94. It actually is the same in only one case since January, 1948 and that was on March 16, when your wholesale cost and the wholesale cost on exhibit 94 were exactly the same. Is that because you may have bought on a different market?—A. No, but it may have been buying from packers you did not get prices from in your report.

Q. Or it may be you are getting a slightly better price because of volume buying?—A. In some cases, but that slightly better price should be enlarged upon. Any different price we receive is delivered to our own warehouse. We, in turn, re-box and deliver it, so it wipes out any lower price which may be on that invoice; that is one shipment to one warehouse. Then, we make store to store deliveries.

Q. Then, in this particular case, I meet a different situation than we had on the previous sheet; that is, in the selling price on the 12th of January you were selling at 59 cents, whereas the average for that day as found on exhibit 94 was 56.

You were still above on January 26 and then. I think you go below from that time on. Is there any explanation for that that you know of?—A. Other than we have possibly taken in our costs of January 12, possibly a little beyond it or previous to that, in which case we would have been in the higher market on hams than the prices which were reported to you, so far as retail is concerned. In other words, we may have been selling high cost ham at that time, whereas the one who reported this may have been cleaning up the lower priced hams. If you notice, he jumps right up after that, so there is an explanation for that.

Q. Yes, I noticed that.

By Mr. Thatcher:

Q. Did I understand, from sheet 2, that the mark-up which would be in the fourth column is taken as a flat mark-up of 28·33 on the total cost to the retailer? Is the mark-up taken on the sales tax also? When your company figures its mark-up, does it include the sales tax in that or does it take it on the cost from the packer, then take the mark-up and then add the sales tax or do you take a percentage profit on the sales tax?—A. We take our laid down cost.

Q. Including the sales tax?—A. It would include the sales tax.

Q. That would mean the customer is paying a pyramiding sales tax?—A. I do not know how much you call a pyramid. We looked at that thing at lunch.

Q. Take the first item; if your mark-up is 28·33, and the sales tax is 2·22, that means an extra tax of about ·82?—A. Possibly so, a fraction of a cent.

Q. It would mean it would bring your sales tax to 3·70, so that, really, your customer is paying a 10 per cent sales tax instead of 8?—A. Mathematically, I suppose that is correct.

Q. Do you think that is a fair practice for the retailer to pyramid the tax in that way?—A. It is an established practice.

Q. That is done all through the industry, is it?—A. Always has, and permitted on board orders, Mr. Thatcher.

By Mr. Dyde:

Q. In coming to sheet 3, Mr. Davis, there are one or two things which, perhaps, we might look at. I notice that immediately following there is a sort of brief or a summary. Then, I also notice that beef is dealt with on the last page. I will be glad to take this up in whatever order you wish me to do so. Which sheet shall we look at first?—A. Possibly we will have to bring them together for further discussion, so it does not matter which one you take first, the carcass or retail selling value.

Q. Perhaps we might look at sheet No. 3 which is carcass beef. You have gone through that in a somewhat similar fashion and you have shown exhibit 94 figures in the first three columns. Then, there is a line drawn and you have shown your own red beef cost and your own mark-up on red beef?—A. The mark-up is set.

Q. On red beef?—A. On red beef.

Q. Then, your next column is Loblaw's blue beef cost and mark-up set on blue beef?—A. That is correct.

Q. Then, your commercial beef cost and the mark-up set on commercial beef?—A. That is correct.

Q. Now, I think we are in price control all the way down—we are just in price control for the first two lines, are we not?—A. No, the first line, January, 1946 would be price control—Oh, yes, January, 1947, is price control.

Q. When we get to October 27?—A. Yes, it is off.

Q. So what you have given in the first two lines, so far as mark-up is concerned, is the mark-up which was permitted under price control, is that right?—A. The mark-up which we set which was lower, in most cases, than the mark-up set in the board order.

Q. In that case, also, as I come down the line, I find your mark-up has been reduced until we get to a low in red beef of 14·65, I think?—A. That is correct.

Q. On march 16. and since that it has been going up again, so we arrive at April 16, with 19·04 margin. The same thing happens with the other brands, does it not?—A. That is correct, yes.

Q. There is one item on which, perhaps, you can give some explanation. On January 8, 1948, commercial beef, according to Exhibit 94 was costing 27·00 and your cost on commercial beef on that date was 23·00, very much lower. Do you know what the explanation is for that?—A. Well, I would question exhibit 94, commercial beef costing 27 cents. I think it was meant for blue brand beef, not commercial. I have not known the market to go to 27 cents on commercial on that date.

Q. You will note, immediately below the 27, you have 26·50 and down on March 15, it is 27·50; do you think all these figures are meant for blue brand?—A. No, I do not. I think the first one, a $1.50 advance in carcass beef in a week for commercial looks to be an error.

Q. You have a fair rise through the latter part of December and to January 8 in red beef, did you notice that?—A. Yes. We are one week behind on the rise, and that is explainable by the fact we buy cattle in carload lots from western Canada. We buy this week for delivery next week, so we would be a week late in picking up that advance.

By Mr. Harkness:

Q. You mean to say you buy your own cattle on the hoof in the west in carload lots?—A. No, we buy dressed beef in carload lots.

By Mr. Dyde:

Q. Then, I think we should look at the last page, before we come to your summary. We have some retail prices and you have shown exhibit 94 prices and then your own retail prices in each case for each of these items?—A. That is correct.

Q. I think the only place I have found where you are above the average is in stewing beef. Did you notice that on January 12, 1948, for stewing beef, you are above the average a little bit; on January 26, above average and everywhere else—no, there is one other place, I think you are above the average and that is for hamburger in March, by a matter of a cent or half a cent in one or two places. Otherwise, you are fairly well below the average. Is that again a matter of orderly operation?—A. That is a matter of consumer preference in this case.

Q. It is?—A. As the other prices went up, the season of the year, people really went to stew cuts. In other words, we were trying to buy extra front quarters. Naturally, you raise your price on your fast moving cuts and lower the price of your slower moving cuts. However, it was not long continued. Three weeks, I think it was.

Q. Now, I come back to the page which is dated April 30, Toronto. which is a summary of carcass beef, sheet No. 3. Do you wish to read that?

By Mr. Thatcher:

Q. Just before you read that, Mr. Davis, on this last page, I notice Loblaw's are considerably below exhibit 94 prices. Is that because you are able to buy in quantities or because you are able to merchandise more efficiently? How could you be so considerably lower than the average prices?—A. It could be efficiency and less profit and giving the customer or consumer a fair price.

Q. Which would you say it was?—A. A combination of the three.

Q. By buying your beef by the carload can you buy it a bit cheaper than the small operator?—A. At certain seasons of the year last year, we could because we were buying western cattle on a glutted market. Packers or independent, in the east, could not handle a [illegible] our competitors could, if we have such a thing.

Q. These are fairly startling figures?—A. that is what the packers thought, too.

Mr. DYDE: All right, Mr. Davis.

The WITNESS: This is dated, Toronto, April 30, 1948.

SUMMARY OF CARCASS BEEF SHEET No. 3

Further to our beef sheet showing costs, we would like to add the following. In answer to your request for beef prices covering January 1946, as you know ceilings were in effect at that date and the cost on special beef, now known as red brand, was $21 a cwt., in zone 6. Commercial beef, which at that time included blue brand, was costing $20 a cwt. in zone 6.

On May 25, 1946, the Wartime Prices and Trade Board issued Order No. 635 to become effective May 27, 1946, suspending ceilings at wholesale on red or blue brand beef but fails to remove the ceilings on these mentioned grades of beef at retail. This condition existed until the issuance of Order No. 643 on the 10th day of July 1946 and became effective on July 22, 1946.

In the interim period of May 27, 1946 to July 22, 1946 the prices of red and blue beef advanced from the previous ceilings. In the case of red brand from $21 a cwt. to $26 a cwt. with no advance allowed at retail. In the case of blue beef the prices advanced from $20 a cwt. to $25 a cwt., with no change in the ceilings at retail.

However, on July 22, ceilings were re-imposed at wholesale, at a cost on red brands at $23 a cwt., blue brand at $22 a cwt. and commercial $21 a cwt. in zone 6.

January 1947. We continued under ceilings with the prices in zone 6 remaining red brands $23 a cwt., blue brands $22 a cwt. and commercial $21 a cwt.

On February 27, 1947, a new beef order was issued; No. A2294, becoming effective March 3, 1947, and the prices of beef under this new order had advanced $2 a cwt., making a price of red brands $25 a cwt., blue brands $24 a cwt. and commercial $23 a cwt. in zone 6. These prices continued until the removal of ceilings, as of October 22, 1947. Our Carcass Beef Sheet No. 3 shows the picture from there on and up to April 16, 1948. It may be necessary to explain some of the differentials in prices in reference to Loblaw costs and the cost that you had reported to you in this zone. We were at certain periods buying considerable cars of beef from western Canada; from Edmonton, Calgary, Moose Jaw and Winnipeg. You will also notice in the fluctuation in a rising market, we usually show our advance a week later than the eastern market. You will also note in a declining market, we are usually a week the other way. We have tried to give you as close as possible the per cent of mark-up that we set or strive to get but so many circumstances enter into an operation of this kind, it is extremely difficult to explain why we receive a lower margin than we originally set. We have no way or means of dividing our country operation against our city operation from final results as our totals cover both country and city operation. We trust the information we have given you will be sufficient to meet your requirements.

We note in your Exhibit No. 94 that you fail to show blue beef costs and we believe that in some instances some of your commercial costs should apply to blue. We also may add that commercial beef as far as our total beef volume is concerned is an extremely small portion of our total tonnage in beef.

V. C. DAVIS,
In Charge of Meat Operations,
Loblaw Groceterias Co. Limited.

By Mr. Dyde:

Q. Just with reference to that last sentence, Mr. Davis, what is the great portion of your sales of beef, what brand?—A. Blue brand, not through want or desire, but from the quantity standpoint.

Mr. THATCHER: Of course, your profits are greater on blue brand than on red brand?

The WITNESS: That is right, sir.

By Mr. Dyde:

Q. Well now, on sheet 4, sheet 5 and sheet 6 and sheet 7, Mr. Davis has set out the same sort of figures for these various items that are named there at the top of the page as he has set them out previously for the other items. I have no specific questions to ask on these pages, gentlemen. I did want to ask Mr. Davis with reference to side bacon. You show side bacon on sheet 5, Mr. Davis; and this perhaps is not so much a question with reference to figures as it is with regard to the question of merchandising methods. How do you sell your rindless side bacon?—A. In the meat department we sell about 90 per cent sliced by store operation.

Q. In your own stores?—A. In our own meat stores.

Q. So that only about 10 per cent of your sales are in the packages which come from the packer already packed?—A. In the meat department this is correct.

Q. Do you sell packaged bacon elsewhere in the store?—A. We sell it in the grocery department.

Q. And these figures do not cover the grocery department at all?—A. No.

Q. Do you happen to know what the margin of mark-up is on the packaged bacon which is sold in the grocery department?—A. That, I could not answer.

Q. Do they compare in any way with your figures?—A. I imagine they would be a little higher in regard to costing, but they generally try to be the same on selling.

Q. We had some discussion this morning as to the margin on packaged bacon that comes from the packer already wrapped, and although it is in your grocery department perhaps you could add your view?—A. We do handle it in the meat department.

Q. You do handle some?—A. Oh, yes.

Q. Is it a fact that there is less work and less service in the handling of packaged bacon than in the handling of bacon which you have to cut and slice yourself?—A. Oh, yes; there is less handling.

Q. Yes, and you do think it justifies the markup or margin that is set on it? —A. That depends entirely on how fast it moves. We have a must in our operation on packaged bacon; it must be weighed every morning, and it has to be corrected for any shrinkage; other bacon must be added to the package to keep it up to weight.

Q. Do you open the package?—A. Absolutely, and they have to use possibly a half-pound package to make up for the shrink. It all depends on whether it has been kept on the counter, whether it has been in the freezer, or how it is handled.

Q. Is much of it carried over?—A. It all depends entirely on the judgment of the manager of the department. And it would depend on consumer acceptance, of course.

Q. And the price would vary from store to store?—A. That is right.

Q. Have you been able to evolve anything which assists the consumer in economizing with reference to meat prices in the last few days particularly?—A. I think she is smarter than the butcher right now.

Q. Just explain that, would you?—A. I said I think she is smarter than the butcher right now. She is demanding on every cut of meat you offer to sell her now how much bone there is in it, how much fat there is on it, the lower priced cuts—the housewife is really doing that job herself, because she is price conscious. There is no question about that.

Q. And you are still able to raise the price—I don't mean you are doing it personally, but the industry is still doing that; in spite of that you are able to raise prices within the last few days?—A. Well, of course, the raise, the increase, would naturally be an attempt to cover the $5 a hundred on your beef. To do that you have got to raise your price on any cut of beef; but you are going to see that the housewife is going to pick the lowest priced items. We heard mention of that here this morning.

Q. I suppose sometimes you have cuts that don't move?—A. Yes, and that is another must with us; it must be moved out.

Q. Is it possible for you to give an answer to this question: suppose the packer charges you a cent a pound more for a carcass of beef today than he did yesterday, how much more does the consumer have to pay for round steak out of that?—A. That would depend entirely on the stock a man had in his store at the present time. You see, you mentioned one specific item.

Q. Yes.—A. Now, if we had a lot of hips of beef in the store she would pay less even with the recent advance in carcass beef.

Q. I know, but what I am asking you is specifically what the normal practice would be. I do not know whether you get my question or not. I am assuming that everything is normal and the packer comes along today with a side of beef on which he charges you one cent a pound more than he had charged you before. Could you not even give me an estimate of what that is going to amount to by way of increased price to the consumer when the consumer buys say a pound of round steak?—A. Well, in our markets we would not charge on a price basis.

Q. You would not change your price?—A. The cost has gone up, but if it is not moving we would not. If it is moving, continues to move, then that is another matter..

Q. All right, let us have it on that basis then.—A. Then you would have an advance—how much, I am not prepared to say. You see, we do not work on cents per pound, we work on percentages; and every cut is considered, it all comes into the over-all picture.

Q. What type of beef do you buy so far as weight is concerned?—A. We prefer anywhere from 475 to 600 pounds.

Q. That is the carcass?—A. That is the carcass, yes.

Q. Say that 500-pound carcass was priced up one cent a pound, that would cost you an additional $5, would it not?—A. That is correct; but that is for 100 per cent of it, we only sell about 85 per cent.

Q. You sell 85 per cent, your manager has to make up that $5 to break even. What does it work out at from the standpoint of consumer price, retail price, when you take up that additional $5, or in this case one cent a pound

increase in price?—A. I see what you mean. Well, that is spread over the whole carcass. It may be several cents on some particular cut; let us say sirloin or porterhouse.

Q. On the better cuts, the more expensive cuts, it would be several cents?—A. That is right, if you could move it.

Mr. Dyde: I think I have no further questions.

By Mr. Merritt:

Q. I would like to ask Mr. Davis a question here; do you often have particular cuts which pile up; is that a common thing?—A. In some districts, yes.

Q. What is the signal to one of your managers to reduce his price so as to get rid of cuts that are piling up on him?—A. He is supervised by group supervisors who contact him at least once a week, some stores two or three times a week. They in turn would send some of these cuts that are not moving some place like Ontario where they would move. That is, from these outside points we usually move them into Ontario. We watch the inventory reports as they come in to us, and where there is a carry-over he must reduce. The manager is always told that he must reduce, he has to move, even at a reduced price.

Q. Perhaps my question is not as clear as it might be because I do not understand it myself. I am wondering at a normal store, do you hope to get rid of the carcass, of the whole carcass, one day after it comes in?—A. Oh, well, sometimes, yes; it depends on the volume. Some of our stores may handle 15 cattle a week while in others there may be some cuts which they will not be able to move at all. We have to keep close watch of it and find some way of evening it out so that we can get rid of it all.

Q. So you have a system of reports by which you are able to ascertain whether or not a certain cut is selling at the fixed price?—A. That is right.

Q. Who decides what should be done; and, is that done once a week?—A. Oh, it may take place over a period of weeks, and it may be due to changes in temperature. You see, when your temperatures go up the price will have to be right to move meat. When your customer comes in and on account of the hot weather wants to buy bacon or smoked meat and that sort of thing; she is not going to buy roasts and steaks when the weather is hot and she wants something that she can serve sliced cold such as cooked ham.

Mr. Kuhl: May I ask Mr. Davis the same question I asked the other witnesses? Has Mr. Davis any idea of the proportion of the cost on his product is represented by taxes?

The Witness: That would be a wild guess. You see you would have to have that in money. Even if we got it in tonnage it would not be of much value.

The Chairman: You do not believe in taxation, Mr. Kuhl?

Mr. Kuhl: Not in dominion taxation.

The Chairman: I wish I could find some way to agree with you, and it would solve half our problems.

Mr. Kuhl: I do not think anybody agrees with dominion taxation.

The Chairman: Any other questions? All right, next witness.

Mr. Dyde: I should like to recall Mr. Hussey, please.

William Warren Hussey, Director, Toronto and Ontario Branches, Retail Merchants Association, recalled.

By Mr. Dyde:

Q. Mr. Hussey, I am asking you to come back principally as a director of the Retail Merchants Association of Canada. We had evidence this morning which I think you heard that the Wartime Prices and Trade Board obtained

their prices in Toronto from a check of nine independent stores and four chains, and the witness reminded us he included department stores in chains. Then we have had Mr. Davis' evidence that while his costs have a been little bit lower than the costs on exhibit 94 the difference has been quite small, but when it comes to the retail Mr. Davis' selling price, Loblaw's selling price, is on the whole considerably lower than the average selling price for Toronto. Now, you made a remark just as we were closing this morning that the retailer was subsidizing the consumer. I wondered if in the face of those figures that Mr. Davis has produced, and the figures on our exhibit 94, if it is not a fact that the independent retailer in Toronto must be charging considerably more in order to bring the average up to the average as shown on exhibit 94. I am not speaking of your own store because you have given us certain figures with regard to your own store, but I am speaking about the independent retailer in Toronto, and why it is that the average gets so high on the retail price.—A. You are assuming that all the other chains, including departmental stores, contributed to the lowering of that average. You are assuming that the independents all contributed to bringing that exhibit 94 average up. I cannot agree with that assumption. It might be true. I do not think you can say that is true.

Q. No, all right. Then you have driven me off that point, so that perhaps the other chains in Toronto have also got a higher price. Perhaps Loblaw's is the only store in Toronto that is selling at these lower prices, but if that is so do you not think that the retail business in Toronto must overhaul itself a little bit. —A. I might say in Toronto I believe if I remember that right there were six independents covered—

Q. Nine.—A. Nine independents covered out of 600.

Q. But not the same independents in each week, we were told.—A. No, but you still get a very small percentage. We do not know whether those independents were covered more than once during that period or whether they were not. You have a period of how long that the survey took? Was it a year?

Q. Week by week over a period, and the period we are thinking of is since decontrol.—A. Approximately from October of last year?

Q. That is right.—A. October of last year up to April; you have a matter of six months. In those six months you have approximately 24 weeks, and you have around 225 retailers contacted in that six weeks. That would be not quite half of the retailers in Toronto. I was not contacted at any time during that period. My chances were one in two of being contacted. I am wondering whether in that survey some of the same retailers at some other time did not get a repetition. Do you follow what I mean?

Q. I follow exactly, and I am not suggesting for a minute; that there is any reason for having omitted your store in making this check, but I am asking you quite frankly if you do not think that you as a director of the Retail Merchants Association ought not to make some inquiries to see whether the retail margin in Toronto should not be overhauled and examined to make sure that you are not taking a higher margin than is justified.

By the Chairman:

Q. Do you only represent the Retail Merchants Association of Toronto or all Canada?—A. Toronto and Ontario. I am a director of both.

Q. Of Ontario, yes?—A. And Ontario, yes. I am in much closer touch with the Toronto area.

Q. If you can have any effect outside of Toronto I think your question, Mr. Dyde, ought to be more embracing.—A. If I could have any effect, if we could economically lower prices no one would be happier than the retailers from those I have contacted, myself included. I believe I told you this this morning that

there were retailers who were worried about their gross being so close to their overhead. I would love to be in Loblaw's position where I have $1,203,000 turnover in meat. I would be very happy about it.

The CHAIRMAN: They are happy.

The WITNESS: That is something I do not know. You must realize, gentlemen, that volume plays a very important part in the food field, all phases of the food field which includes your groceries right through to meats and vegetables. Your volume is your keynote of your pricing setup. You have a set overhead of so many dollars a week. You have to sell a certain amount of goods to pay that overhead. With every bit of goods you sell above a certain amount immediately the gross profit becomes a net profit, if you follow what I mean, until you get to a certain point where you have to add to your overhead. I should not say it is all net profit. You have a few minor details such as your paper bags and twine, but a large proportion of that becomes your net profit until you get to a point where you have to hire another man. That man then does not pay his wages until your volume rises to another degree where your net out of his extra production pays for his wages. Then he can carry one for maybe another $100 or $200 a week before you have a better net position, and until it pyramids up where you have to add a man. Unfortunately, I have not got to the point where I have got beyond that second pyramid yet. I should like to. I do not know if that is plain to you, if you understand what I mean.

By Mr. Dyde:

Q. One of the things I should like to remind you of is that in my inquiries into the retail end of the meat business I ran across this difficulty time after time, that the independent retailer could never tell me what price he sold at a week ago or a month ago or two weeks ago. I am not blaming you. I am saying that is a fact. This committee must therefore look at the best prices it can look at to find out what the retailer is doing, and the result of that was exhibit 94. If you association, or if the gentlemen who are undertaking independent retail trade, were able to produce prices you might be able to disabuse our minds of any thought that we may have as to the retail margin, but you understand why I am putting this so directly to you, that we are having to look at prices that have been obtained in this way, and I am right, am I not, in saying that you cannot offer us any better guide to the retail prices?—A. I would have to give that some thought. I am not entirely sold on your surveys. Surveys, to me, are not always carried out in the best manner. I know these retail surveys which I have seen made by the consumers' league are often made when there is a panic situation. A woman says, "I paid so much for beef," but she really does not know what she paid. I am not entirely sold on the surveys and I am sorry the independent trade has not an accounting system which would give the information. However, it would not pay them to have a system which would cut it down so fine. The independent has so much overhead and he has so much gross profit to cover his overhead. What he can get beyond that figure is his net profit. Now I have not got figures but I was looking at some of the Dominion Bureau of Statistics figures on surveys. I worked out some of the calculations—I could not work them all out—but I do not think they are too comprehensive. Here is one where we have a type of store with an average yearly sale of $7,043 and they have not taken into account the owner's salary, and therefore their method of accounting is not sound. The owner's salary is not taken in and the net profit before taxes is without deducting that salary. Here is another man who, for running a business, got $1,050 yet his net profit shows 14·7 per cent. Another case shows a net profit on higher sales—$14,000 a year. The net profit is shown as 8·7 per cent before taxes and before deducting salary for the proprietor. I say that is not sound accounting from the retail point of view as the salary there

represents a return on his investment. Now, as you consider figures on higher volume we find a store with $141,000 yearly turn-over shows 1·6 per cent after taxes and full salary deductions.

Q. We were not asking you to accept the D.B.S. figures but we were asking you simply to comment on the situation as we have found it. As a practical suggestion would you think the Retail Merchants' Association of Canada might undertake of itself to provide a survey of retail prices? I know that you have not arrived at that point but would it not be desirable?—A. Speaking for myself, if I was to undertake a survey I would want it to be pretty comprehensive. I think it would take a long time and be a costly procedure through which to go. We as members pay a very nominal fee—$15 a year—and you can realize that we would not be able to provide a great service. We pay for all these bulletins which I have showed you and it does not take long to use up our funds.

The CHAIRMAN: You run a business yourself?

The WITNESS: Yes, this is just a hobby for which I do not get paid.

By Mr. Thatcher:

Q. I am rather surprised at the differences in mark-up between Loblaws and the independents, and I presume Loblaws are able to make a lot of this difference because they can buy in such large quantities. I was wondering whether the retail dealers in Toronto have ever tried to get together to buy mass quantities? Has the association ever tried to get together that way, or would it be feasible?—A. In the dry grocery field I am running four or five firms on direct accounts and I have two or three friends in firms who run direct accounts, but in all there are perhaps a dozen firms.

Q. Is your firm larger than average?—A. No, but three of us buy in a group. Unfortunately we independent merchants, in so far as we are independent have no outside capital, and I would say the independent merchant is a little bit independent in his thinking. Our group consists of three men and we buy very successfully in dry groceries.

Q. Would you think, as an official of the Retail Merchants' Association, that one of the ways in which we might bring retail prices down would be to get a great many of the smaller dealers together to buy through the packers?—A. I think Mr. Davis said that they did not always make very much difference by way of volume buying.

Q. I did not understand him to say that. I thought he said that they were able to make quite large economies and that is one of the reasons why they were able to operate with the lower mark-up.

By Mr. Dyde:

Q. I think he was referring to his ability to buy in carload lots and bring hose cars down from the west.—A. At flood market periods in the west—and . should not use the words "flood market" because you will get confused with he weather conditions—but when there are a lot of cattle on the market out vest they can be moved down east by the car but you must remember that equires tremendous refrigeration facilities and we could not possibly handle hose amounts as independent stores.

Q. Could you combine together? Could four or five of you combine ogether to effect an economy by bringing down carload lots?—A. No, sir, we re not big enough.

Mr. THATCHER: As retail merchants you could not do that?

By the Chairman:

Q. I wonder why you could not? You know better than I do but it seems to me that you should surely be able to do that sort of thing?—A. I do not know how many cattle there are in a car but there would be a goodly number and you would have to go down and unload them, pay the cartage up to your door, pay a man to go down to the yard and sort them out. Supposing there were only so many 500-pound cattle and so many 600-pound cattle, you would have to allot those to each man and you would run into a lot of trouble.

Q. The co-operatives do that now?—A. I beg pardon?

Q. Some of the co-operatives are doing that very thing now?—A. I doubt if it could be done with respect to beef. I think that beef is quite a different matter.

Q. You think so?—A. Yes. In my thinking it would not be sound, or it would not be feasible.

Mr. THATCHER: It would be sound but not feasible.

The WITNESS: It would be very sound, but it would be a theory that is not practical.

By Mr. Dyde:

Q. Have you studied it?—A. Definitely.

Q. Have you studied the possibilities?—A. I have studied the possibilities in lines other than meat, but I would say this. Mr. Davis brought out the fact that his firm was able to buy cheaper pork in Montreal. We had one buyer 'phone me and he told me the price. I 'phoned two or three of the other chaps and there were five of us who got together and had this pork come in to one place. We went down there and picked out our pork.

Mr. THATCHER: How is it the grocery stores in the west, I think many of the independents, have been able to get together on bulk buying in order to meet chain competition? If it is feasible to do that in the grocery business I am not clear on why it should not be done with respect to meat.

The WITNESS: The answer is perishability. In the meat business tremendous facilities are required for handling and we have not got the facilities for handling great numbers of cattle. My own box would handle only about eight and to bring it down and buy in bulk you would need a tremendous turnover.

Mr. DYDE: How many cattle are there in a car?

The WITNESS: I do not know.

The CHAIRMAN: It depends on the size of the cattle.

Mr. IRVINE: And on the size of the car.

Mr. DAVIS: There are 40 to 50 carcasses in a car.

Mr. HARKNESS: Carcasses?

Mr. DAVIS: Yes.

Mr. DYDE: They are not alive?

The WITNESS: No.

By Mr. Dyde:

Q. 40 to 50 does not seem a lot?—A. If you have 40 to 50 carcasses on a siding in Toronto what are you going to do? There is the cost of handling those to get them to Ontario and I do not know what the differential is in price. Normally would there be any big differential? May I ask Mr. Davis whether there would be any differential in price?

Mr. DAVIS: There would be at certain times of the year when there is a very heavy run of cattle. That is the only time that it would apply.

The WITNESS: In the meantime we would have to make contacts in the west and we would use those contacts at only certain times of the year and not any more. I doubt if it is feasible.

Mr. DYDE: With all due respect to you I do not believe you have studied the problem.

The WITNESS: I have not studied it far enough. My own thought is that it is not sound.

Mr. THATCHER: Sound but not feasible?

The CHAIRMAN: The words he used were sound but not practical. He was referring to a theory then.

Mr. IRVINE: It is not a sound theory then?

The CHAIRMAN: A political theory—

Mr. IRVINE: It is nothing but sound and that is not practical.

Mr. DYDE: I have no further questions.

The CHAIRMAN: Thank you very much, Mr. Hussey, and I think you are to be commended for your interest and your work in this matter. Personally, I am amazed that a man who has a store of his own is able to give such an intelligent presentation.

The WITNESS: I might say I think you gentlemen have been kind. I notice there is a big banner around Ottawa, "Be kind to animals week". I think you have been most kind.

Mr. DYDE: The next witness will not be ready until tomorrow morning, Mr. Chairman. There is some material which has to be prepared yet.

The CHAIRMAN: All right, we will adjourn until eleven o'clock tomorrow morning.

The committee adjourned to meet again on Tuesday, May 4, 1948, at 11.00 a.m.

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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE ON PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 51

TUESDAY, MAY 4, 1948

WITNESSES:

Mr. Sam Steinberg, Steinberg's Wholesale Groceterias Limited, Montreal, Que.

Dr. L. B. Pett, Chief of Nutrition Division, Department of National Health & Welfare.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

MINUTES OF PROCEEDINGS

TUESDAY, May 4, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Beaudoin, Fleming, Irvine, Kuhl, Lesage, Martin, Maybank, Mayhew, Pinard, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. Sam Steinberg, Steinberg's Wholesale Groceterias Limited, Montreal, was called, sworn and examined.

At 1.00 p.m. witness retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudoin, Fleming, Harkness, Irvine, Kuhl, Lesage, Martin, Maybank, Mayhew, Merritt, Pinard, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Dr. L. B. Pett, Chief of Nutrition Division, Department of National Health & Welfare, was called and sworn. He produced a report on the analysis of different loaves of bread as requested by the Committee during its bread inquiry, and was examined thereon.

At 4.45 p.m., witness retired and the Committee adjourned its public session to go into Executive Session and to resume in public session on Wednesday, May 5, at 4.00 p.m.

R. ARSENAULT,
Clerk of the Committee.

ERRATUM

On page 2287, No. 46 of the Minutes of Proceedings and Evidence, the Order of Reference reading "That the name of Mr. Kuhl be substituted for that of Mr. Cleaver on the said Committee", should read as follows: *"That the name of Mr. Kuhl be substituted for that of Mr. Johnston on the said Committee".*

MINUTES OF EVIDENCE

House of Commons,

May 4, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Honourable Paul Martin, presided.

Mr. Dyde: I will call Mr. Steinberg.

The Chairman: Mr. Dyde, before we go on have we got before us in complete form all the meats that are now in storage, pork and beef? We are faced now with a rise in prices, and it seems to me there is a challenge put on this committee. I, as one member of this committee, am not going to shirk. Last night I looked at some of the figures, and I do not know if we have before us all the figures on the storage. Do we know how much meat is in storage now?

Mr. Dyde: No, the committee has not got all the figures. We obtained figures of inventories from the packing companies which have been before the committee, but that does not give the total storage figures. Those can be obtained, and I will see that is done.

Mr. Mayhew: I wonder if we could have a tabulation of the storage that we do know compared with last year, as an indication.

Mr. Dyde: Each company has given inventory figures and comparisons with a year ago, but if I give the total storage figures I think I can also find them for the year previous.

The Chairman: Excuse me, Mr. Dyde, but when do you think we could get that information? I think we ought to know exactly how much is in storage.

Mr. Dyde: I think I can get it in a very short time. I would not like to promise it for this afternoon, but I think it can be obtained in tabulated form certainly before the packing companies come back on Thursday.

The Chairman: All right, Mr. Dyde.

Sam Steinberg, Steinberg Wholesale Groceterias Limited, called and sworn.

By Mr. Dyde:

Q. Mr. Steinberg, will you give us your name?—A. Sam Steinberg.

Q. And address?—A. 5400 Hochelaga east, Montreal.

Q. You operate stores in Montreal?—A. Yes, sir.

Q. Groceterias?—A. Yes, sir.

Q. How many stores in Montreal?—A. Twenty-four.

Q. And you also operate a store in Ottawa, do you not?—A. Yes, sir.

Q. And elsewhere?—A. Do we operate stores outside of Ottawa?

Q. Yes.—A. Arvida.

Q. Are those the only stores outside of Montreal?—A. That is correct.

Q. I asked you to bring with you figures to put before the committee, and you have brought certain figures which you now produce. Is that correct?—A. Yes, sir.

STEINBERG'S WHOLESALE GROCETERIAS LTD.

Meat Department Sales

Week ending	Sales in dollars	Sales in pounds	Gross profit in dollars	Gross profit %
1946				
Dec. 7	52,306.88	167,865½	10,292.53	19.68
14	49,445.90	139,927¼	9,727.80	19.67
21	72,034.20	221,912	10,805.14	15.00 est.
28	62,330.13	145,242¼	10,348.61	16.60
1947				
Jan. 4	61,270.64	104,857	11,586.50	18.91
11	53,250.35	149,429¼	13,168.92	24.73
18	58,312.73	176,926	13,212.81	22.66
25	56,451.33	189,933	10,521.16	18.64
Feb. 1	58,066.78	158,554	13,038.30	22.45
Oct. 4	71,937.74	223,200	18,423.11	25.59
11	81,408.69	212,612½	20,824.58	25.58
18	73,428.54	199,544½	18,148.41	24.72
25	77,185.89	189,412½	15,718.53	20.36
Nov. 1	78,837.67	198,945	16,370.23	20.76
8	72,386.48	208,169¼	13,029.04	18.00
15	74,902.51	196,494½	13,749.33	18.36
22	72,866.71	189,767	14,239.92	19.54
29	69,866.00	188,035	14,220.81	20.35
Dec. 6	69,618.11	182,311	12,976.69	18.64
13	74,685.59	191,885½	13,035.72	17.45
20	190,163.90	318,012¼	32,951.36	17.33
27		111,429		
1948				
Jan. 3	96,618.38	151,011	13,012.04	13.47
10	85,829.37	196,672	18,264.24	21.28
17	88,622.32	200,165½	19,282.29	21.76
24	85,825.31	202,652	17,013 67	19.82
31	88,457.37	187,665¾	17,481 03	19.76
Feb. 7	91,292.32	193,911½	18,174.12	19.91
14	86,937.13	183,656½	17,147.79	19.72
21	85,922.42	192,805	17,044.01	19.84
28	86,230.00	200,172¾	17,619.50	20.43
Mar. 6	88,700.15	212,520¾	17,895.53	20.18
13	86,068.80	234,923	18,068.80	21.65
20	88,984.09	250,173	16,936.90	19.03
27	110,306.98	270,638¾	19,353 43	17.55
Apr. 3	85,839 05	167,693¼	14,807.98	17.25
10	85,198.89	214,389½	17,977.83	21.10
17	89,199.75	224,745¼	18,110.32	20.30

STEINBERG'S WHOLESALE GROCETERIAS LTD.

Beef

Date	Average cost red	Average cost blue	Estimated mark-up percentage on all beef
1946			
Dec. 7	23	22	18·45
Dec. 14	23	22	18·29
Dec. 21	23	22	18·03
Dec. 28	23	22	18·58
Jan. 4	23	22	17·37
Jan. 11	23	22	19·13
Jan. 18	23	22	17·43
Jan. 25	23	22	16·86
Feb. 1	23	22	16·75
1947			
Oct. 4	25	24	20·74
Oct. 11	25	24	22·74
Oct. 18	25	24	22·28
Oct. 25	28	27	17·24
Nov. 1	29	28	15·05
Nov. 8	28	27	20·29
Nov. 15	26	25	12·25
Nov. 22	24½	23½	18·57
Nov. 29	24	23	15·65
Dec. 6	24	23	18·42
Dec. 13	25	24	16·96
Dec. 20	26	25	20·01
Dec. 27	26	25	19·30
1948			
Jan. 3	26	25	19·58
Jan. 10	27	26	19·45
Jan. 17	28	27	19·86
Jan. 24	28	27	19·44
Jan. 31	27	26	19·46
Feb. 7	27	26	71·76
Feb. 14	26½	25½	21·32
Feb. 21	26½	25½	23·38
Feb. 28	26	25	21·60
Mar. 6	26	25	20·48
Mar. 13	27	26	19·33
Mar. 20	28	27	19·45
Mar. 27	29	28	15·60
Apr. 3	29	28	17·11
Apr. 10	28¼	27¼	18·82
Apr. 17	29	28½	18·68

STEINBERG'S WHOLESALE GROCETERIAS LTD.

PORK

Date	Loins pork				Regular hams			
	Cost	Selling roast	Selling chops	Mark-up	Cost without tax	Selling whole	Selling butt end	Mark-up percentage
1946								
Dec. 7.........	31½	39	43	19·23	32½	42	45	16·42
Dec. 14.........	31½	39	43	19·23	32½	42	45	16·52
Dec. 21.........	31½	39	43	19·23	32½	42	45	16·42
Dec. 28.........	31½	39	43	19·23	32½	45	49	22·00
1947								
Jan. 4.........	31½	39	43	19·23	32½	45	49	22·00
Jan. 11.........	31½	39	43	19·23	32½	45	49	22·00
Jan. 18.........	33	39	43	15·38	35½	49	53	21·76
Jan. 25.........	33	42	45	21·43	35½	51	55	24·82
Feb. 1.........	33	42	45	21·43	35½	49	53	21·76
Oct. 4.........	35	45	49	22·22	....	53	56	....
Oct. 11.........	35	45	49	22·22	37½	53	56	23·58
Oct. 18.........	34½	42	45	17·86	37½	53	56	23·58
Oct. 25.........	34½	42	45	17·86	37½	53	56	23·58
Nov. 1.........	34½	42	45	17·86	37½	53	56	23·58
Nov. 8.........	32½	39	43	16·67	40	53	56	18·49
Nov. 15.........	32	37	41	13·51	40	51	54	15·29
Nov. 22.........	31	35	39	11·43	40	51	54	15·29
Nov. 29.........	31	35	39	11·43	40	51	54	15·29
Dec. 6.........	30	35	39	14·28	39	49	54	14·04
Dec. 13.........	30	35	39	14·28	39	47	51	10·38
Dec. 20.........	32	37	39	13·51	39	49	53	14·04
Dec. 27.........	32	37	41	13·51	39	49	53	14·04
1948								
Jan. 3.........	34	39	43	12·82	40	49	53	11·84
Jan. 10.........	40	45	49	11·11	42	51	54	11·06
Jan. 17.........	39	45	49	13·33	42	51	54	11·06
Jan. 24.........	37½	45	49	16·66	42	51	54	11·06
Jan. 31.........	36	41	45	12·20	42	49	53	7·43
Feb. 7.........	37	41	45	9·76	42	49	53	7·43
Feb. 14.........	38	42	45	9·52	41	47	51	5·78
Feb. 21.........	38	45	49	15·55	42	49	53	7·43
Feb. 28.........	38	45	49	15·55	42	49	53	7·43
Mar. 6.........	39	45	49	13·33	43	51	55	8·94
Mar. 13.........	39	47	49	17·02	43	51	55	8·94
Mar. 20.........	40	47	51	14·89	43	53	57	12·38
Mar. 27.........	41	49	53	16·33	43	49	53	5·22
Apr. 3.........	41	49	53	16·33	43	49	53	5·22
Apr. 10.........	41	49	53	16·33	43	53	57	12·37
Apr. 17.........	41	49	53	16·33	43	53	57	12·37

STEINBERG'S WHOLESALE GROCETERIAS LTD.

Week ending	Rind on bacon			Rindless bacon		
	Cost without tax	Selling	Mark-up percentage	Cost without tax	Selling	Mark-up percentage
1946						
Dec. 7	39¾	54	20·50	42¼	58	21·32
Dec. 14	39¾	54	20·50	42¼	58	21·32
Dec. 21	39¾	52	17·44	42¼	58	21·32
Dec. 28	39¾	54	20·50	42¼	58	21·32
1947						
Jan. 4	39¾	54	20·50	42¼	58	21·32
Jan. 11	39¾	54	20·50	42¼	58	21·32
Jan. 18	44¼	54	11·50	47	58	12·48
Jan. 25	44¼	61	21·66	47	65	21·91
Feb. 1	44¼	59	19·00	47	65	21·91
Oct. 4	46	64	22·38	....	69	....
Oct. 11	46	64	22·38	....	69	....
Oct. 18	46	64	22·38	49	69	23·30
Oct. 25	46¼	64	21·95	49	69	23·30
Nov. 1	46¼	62	19·43	50	69	21·74
Nov. 8	46¼	62	19·43	50	69	21·74
Nov. 15	46¼	62	19·43	50	69	21·74
Nov. 22	46¼	58	13·88	50	69	21·74
Nov. 29	46¼	58	13·88	50	69	21·74
Dec. 6	46¼	58	13·88	50	69	21·74
Dec. 13	46¼	58	13·88	50	69	21·74
Dec. 20	46¼	58	13·88	50	69	21·74
Dec. 27	46¼	58	13·88	50	69	21·74
1948						
Jan. 3	46¼	58	13·88	50	69	21·74
Jan. 10	50	66	18·18	57	79	22·07
Jan. 17	55	69	13·91	59	79	19·34
Jan. 24	50	62	12·90	56	79	23·34
Jan. 31	50	62	12·90	55	75	20·80
Feb. 7	50	62	12·90	55	75	20·80
Feb. 14	50	62	12·90	55	75	20·80
Feb. 21	50	62	12·90	55	75	20·80
Feb. 28	50	62	12·90	55	75	20·80
Mar. 6	50	62	6·90	56	75	19·36
Mar. 13	50	58	12·90	54	75	22·24
Mar. 20	50	62	18·18	56	75	19·36
Mar. 27	53	66	13·27	56	75	19·36
Apr. 3	53	66	13·27	56	75	19·36
Apr. 10	53	62	7·67	56	75	19·36
Apr. 17	53	66	13·27	56	75	19·36

By Mr. Dyde:

Q. In how many of your stores do you operate meat departments?—A. In 12 stores at the present time.

Q. And in how many of the Montreal stores do you operate meat departments?—A. Ten.

Q. So that the figures that we have before us are for the meat departments in your Montreal stores only?—A. No, they cover 12 stores.

Q. Twelve stores, including Ottawa and Arvida?—A. That is correct.

Q. The first page of your material is a summary of meat department sales in the 12 stores?—A. That is not correct because at that time in 1946 we only had 10 meat departments.

Q. When did you first have 12 meat departments?—A. We had 11 up to March, and we only had 10 up to the latter part of December.

Q. What year are you speaking of?—A. 1947; that is right for December, and 1948 for March.

Q. How many stores did you have in November, 1947, selling meat?—A. Ten.

Q. And in January, 1948, how many stores?—A. Eleven.

Q. And when did you increase to 12?—A. In March.

Q. The first of March?—A. I have not the exact date.

Q. And for the information of the committee Mr. Steinberg was asked to give these figures for December, 1946, January, 1947, which are the first few figures at the top of the page, and then he was asked to bring figures from October 4, 1947, to the most recent date on which figures were available. So that down to October 25 you were under price control. Actually the decontrol date was October 22?—A. Yes.

Q. But down to that date it is a matter of price control, and then you have decontrol certainly from November 1 on. Now, Mr. Steinberg, I want you to look at the month of November, 1947, and under the heading "Sales in pounds" there are five periods in November, 1947. I have totaled the sales in pounds in November, 1947, and I find the total to be 981,410¾ pounds. Then I go over to the next column and total the gross profit in dollars and I find that gross profit to be $71,609.33. Then in the next column, gross profit per cent, I have averaged the figures for November, 1947, and I find the average is 19·41 per cent. Then I have taken another calculation and by using the sales in pounds in November and the gross profit in dollars I find that comes to 7·3 cents per pound.

Would you go to January, 1948. There are also five periods there. I find that the total sales in pounds are 938,166¾. I find that the gross profit in dollars is $85,053.27. I find that the gross profit per cent is 19·09 average for that month. Using the same calculation I find that the gross profit is at the rate of 9·1 cents per pound for that month.

We have had certain evidence here, Mr. Steinberg, with reference to the setting of retail ceilings during price control, and I will try to summarize it very briefly, because I do not think you were here. We were told by officials of the Wartime Prices and Trade Board that during price control there was a discussion as to what the retail margin should be to be fair to the retailer. We were told that some wanted 9 cents a pound over all and others thought that 5 cents a pound over all would be quite sufficient for the retailer, and finally a compromise was reached at 7 cents a pound over all, and that was to be the maximum.

I point out to you again that after decontrol, and in the month of November your over-all was 7·3 cents per pound, and in January it had gone up to 9·1 cents per pound. Your volume in January is less than in November as far as pounds are concerned, and your gross profit in dollars is considerably higher. What is the explanation for that?—A. I have not analyzed that in that way, but much would have to do as to just what we were selling in th

meat department in that period. We talk about meat sales, or meat department sales. That includes more than beef sales. We sell delicatessen products. We sell cooked meats, bacon, and they influence sales very much. They influence your gross profit or mark-up.

Q. But you were running along in November at 7·3 cents per pound even with those other various articles, and in January you are up to 9·1 cents per pound over-all gross profit. As between the 7·3 and 9·1 over-all it means that the more expensive cuts of meat are being increased by a considerable amount, are they not?—A. If I had to divide it up and I could check the exact sales of meat as compared to the sales of delicatessen products I would know, but in January it might go off meats and go on more on delicatessen products. I have not a breakdown. I could not tell you. If I had been asked to bring figures in that way I would know. In this way I would just be guessing.

Q. The conclusion that the committee would be bound to come to, I think, Mr. Steinberg, is that you are doing very much better in a profit way in January than you were in November, and that is one of the reasons why the consumer was paying more money for meat in January?—A. I hardly think so.

Q. Give us your explanation if it is different.—A. For one thing the method of estimating has not changed.

By Mr. Lesage:

Q. What is your method?—A. They follow the formula of the Wartime Prices and Trade Board in the various cuts.

Q. Is your method a percentage method or a cents method?—A. No, no.

Q. Do you calculate your margin in cents or percent?—A. It is always based on percentage.

Q. And the higher the cost of the meat to you the higher is the margin of profit you take?—A. We establish—

Q. The higher in cents, I mean.—A. It may work out that way, but I am not sure.

Q. Does it? If it is on a percentage basis it would?—A. It would work out higher, a higher price, and taking the same percentage.

Q. A higher margin?—A. If you use the same—

Mr. THATCHER: Let the witness answer. You are asking the witness another question before he answers the one before.

The WITNESS: If you use the same measure, yardstick, the same percentage basis, yes, the price is higher. Naturally it works out at more money in dollars and cents.

By Mr. Lesage:

Q. You say "naturally," but did it in that instance? Did it work that way in the instance in January?—A. I was not asked to bring selling prices of the various cuts, so I do not know, but the formula that we use is the same. We have not changed it.

Q. Your method of pricing—A. Is the same.

Q. Is based on percentage?—A. Right, and if the price goes higher it works out to more money in dollars and cents.

Q. You said previously in answer to Mr. Dyde that the fact you are selling delicatessen products and cooked meats may have some bearing on it. How do you explain that?—A. Well, some months of the year these items sell at a much greater rate than they do in other months, and the margin of profit on those products is higher that it is on meat. They are a much more perishable item and they bring a better mark-up.

Q. Not bacon and ham?—A. When you talk about ham you are talking about a packing house product. I am talking about delicatessen items. Those are items we make in our own kitchen.

Q. What is your margin of profit on bacon and ham?—A. I have got the complete list here.

Q. Do you know what your margin of profit is on bacon?—A. About 20 per cent.

Q. On half-pounds?—A. Yes, 20 per cent; it does not matter whether it is a pound, half-pound, or five pounds.

Q. But what you sell in half-pounds is wrapped?—A. Yes.

Q. You receive it that way from the packer?—A. No, we do most of the packaging in our own warehouse. We slice and package bacon.

Q. You buy Wiltshire sides?—A. Yes.

Q. You do the packaging?—A. Yes.

Q. You take 20 per cent on what?—A. We take 20 per cent on the price we sell it at, on the price you would have to pay.

Q. Does the 20 per cent include packaging and wrapping?—A. Oh, everything.

Q. It does?—A. Yes.

Q. So you must sell your bacon at a cheaper price, a lower price than others who buy it all wrapped from the packing house?—A. We believe that we do, but I have not got figures for comparison, and I do not know who you want to compare them with, but we think we do.

Q. Do you have a special brand for your bacon?—A. Yes.

Q. What is it? You do not remember?—A. Yes, I do. Give me a chance to answer. Jack Spratt, lean and fat. I think it is the biggest seller in Montreal, in our stores, anyway.

Q. And it sells at a lower price than Maple Leaf of Canada Packers?—A. Yes, we would sell it for less, considerably less money.

Q. So you agree that the higher price of meat means a higher margin for you and a higher profit?—A. No, I do not believe that. I believe the higher prices curtail sales.

Q. Pardon me?—A. We believe the higher the price goes the more it curtails sales. In the long run we make less.

By Mr. Maybank:

Q. Mr. Lesage's question would be right per unit?—A. Right.

Q. Per unit that the profit is higher if the price is higher?—A. Right.

By Mr. Lesage:

Q. Take, for instance, November and January, which are two five-week periods. Your gross profit is not only higher per unit but it is $14,000 higher for a lower amount of pounds?—A. I think you are making a mistake there.

Q. I do not think I am. Is that not right? I think you drew the attention of the witness to that fact yourself, Mr. Dyde.

By the Chairman:

Q. The figures seem to indicate that, do they not?—A. You have got—what do you call it—there is a lapse in here.

Mr. DYDE: I gave you figures for the five-week period of November, 1947, and the five periods of January, 1948.

By Mr. Lesage:

Q. I think in January you sold 43,000 pounds of meat less than in November.—A. I have not got that calculated, and I cannot follow it.

By Mr. Dyde:

Q. I thought you were putting them down when I read them to you. I think perhaps you might write them in. Below sales in pounds in November, 1947, the total of the figures that appear there is 981,410¾ pounds. I did not

give the average selling price per pound before but if you would like me to I will do so now. The average selling price per pound works out at 37·6 cents per pound. The gross profit in dollars for the same period is $71,609.33. Mark it down under here. I averaged the gross profit per cent for what it was worth and found for that period it was 19·41. Then out in the margin I also put down cents per pound, relating the gross profit in dollars to the sales in pounds, and I found it to be 7·3 cents per pound. Then I went down to January, and for those periods in January which are shown on your list the total sales in pounds are 938,166¾. I did not give you before the average selling price, but it is 47·5 cents per pound. The total gross profit in dollars is $85,053.27. The average gross profit per cent is 19·09, and my cents per pound figure was 9·1 cents per pound. There is another figure I will give you at the same time. I also took the three periods of April, 1948, and by my calculation it comes to 8·4 cents per pound, so that even in April—

Mr. Lesage: What would be the average selling price if you have it.

By Mr. Dyde:

Q. I am sorry I have not got it.—so that even in April you are selling at 8·4 cents per pound in the early part of April. What you are doing at this minute I am not sure. I could not say nor can you, can you, but since April 17 retail prices have gone up generally speaking in meat?—A. That is correct.

Q. So that likely you are up above 8·4 cents per pound in the last period of April?—A. Is that right?

Mr. Maybank: That is the question.

The Witness: I do not think so, no. I think it is going to work out at less per pound even though percentage-wise it will be higher.

By the Chairman:

Q. How can you say that?—A. We are paying more for beef but we are not advancing the retail price.

By Mr. Lesage:

Q. You are not advancing the retail price at present?—A. No.

Q. You just cannot?—A. No.

Q. Consumer resistance?—A. That is right. It is not that we just cannot. We just do not want to. We are afraid we may lose our customers.

By the Chairman:

Q. You say you have deliberately not, but whether or not you can you will not.—A. No, because we find people are shying away.

Q. You just said whether or not they are shying away you will not.—A. We will not because we would lose business if we advanced them any more than they are now.

By Mr. Maybank:

Q. Then you are not claiming any altruism?—A. No, we are interested in our business.

Q. You are afraid if you tried you would sell less?—A. That is correct.

Q. It is hard practical business considerations that are moving you towards that decision. Is that what you want us to understand?—A. That is 100 per cent correct.

Mr. Lesage: Would you answer the question I asked you before Mr. Dyde gave you the figures.

The Chairman: What was the question?

By Mr. Lesage:

Q. In answer to one of my questions Mr. Steinberg said—I was looking at the difference between November and January—that per pound if we made the calculation it would show that their over-all gross profit would be lower in January than in February on account of the fact there would be less pounds. I think that is about all he said. You will have to give me another explanation. —A. I just do not grasp the explanation that you have made. I have got the figures before me now, and I see the difference now. There is $14,000 between $71,000 and $85,000. I did not have those figures before me.

Q. $13,500?—A. I may have been thinking in terms of weeks because we have them listed per week right along. That is what I misunderstood.

Q. It is quite all right.—A. Naturally on the 19·09 the higher prices would work out to $14,000 more in a five-week period.

Q. On a five-week period even if you sold something like 43,000 pounds less?—A. That is correct.

Q. Let us look at the average price per pound of meat in November. It was 37·6 cents?—A. Yes.

Q. And in January it was 47·5 cents?—A. Correct.

Q. There has been an advance in prices from November, 1947, to January, 1948, at retail of 10 cents per pound on the average?—A. That is correct.

Q. And on that 10 cents we can say now, because we are interested in it, that 1/5th of the advance, 2 cents on the 10 cents, is due to the fact that you took a higher margin?—A. We took the same margin but it works out that way.

Q. In percentage, but in cents you took 2 cents on the 10 cents, 2 cents on the 10 cents?—A. That is the way it works out.

Q. Two cents on the 10 cents was profit you did not take before and that you took in January?—A. That is the way it works out.

Q. That is the way it did go in January?—A. That is right.

Q. So, on the 10 cents, 2 cents did go to the retailer. Where did the 8 cents go? We are sure of 2 cents now. They went to the retailer?—A. Okay, that is correct.

The CHAIRMAN: Are you satisfied with that answer, Mr. Lesage?

Mr. LESAGE: Yes.

The CHAIRMAN: You could pursue it further, don't you think.

Mr. LESAGE: I think I can leave it to you, Mr. Chairman.

The CHAIRMAN: I think I may do that.

Mr. LESAGE: We are here to find out the reasons for the advance in price which occurred. I think there has been an advance from November to January of 10 cents. I am not rendering any judgment on the 7 cents. Was 7 cents too high or not high enough? I think we can make our own judgment on that. I thought Mr. Dyde would come to that point a little later. So far as the 10 cents is concerned, the total advance of 10 cents, 2 cents went to the retailer.

By Mr. Irvine:

Q. There is one possibility I see. It might have been that the beef sold was 10 cents more juicy in one month than the other, is that so?—A. I do not grasp what you are trying to say.

Q. There is 10 cents difference in these two months which Mr. Lesage is trying to compare. I was asking whether it was possible there was a 10 cent difference in the juiciness of the beef one month as compared to the other?

Mr. LESAGE: That is based on the cost.

Mr. IRVINE: The cost of the juice?

Mr. LESAGE: Yes, the juice is in it. Do you intend to ask any questions of the witness on this 7 cents?

By Mr. Dyde:

Q. Yes. I have already mentioned, Mr. Steinberg, evidence which has been before the committee with regard to the 7 cents which was set under price control. Now our evidence is very definite that 7 cents a pound was to be considered as a maximum under price control and the evidence, as we have heard it to date, is that was a very fair margin for the retailer. We have been told, I think, that the retailer got along very nicely under price control on that margin. Why did you consider it necessary to increase that margin?—A. It would not be hard to understand, when the 7 cents was set—you have figures before you to indicate that the price of meat at that time was 37 cents a pound. If it was set at 37 or less, it might have been set on beef or whatever we are talking about, on meat per pound, the retail price was even lower than that. Now, you bring this 47 cents a pound up and isn't it natural that the shrink and the cost of operation increase accordingly? We did not make 2 cents. When there is a spread on the basis of a 20 per cent margin, that is not profit, that is just the yardstick for measuring the mark-up we need to obtain. From there, you take the shrink and trim. If the 37 cents went up to 47, it went up on the same measure.

Q. What it comes to is this; working on a percentage basis, you are always piling the same percentage mark-up on top of your cost so if your cost goes up, inevitably with the uniform percentage mark-up, you arrive at the position where you get a better profit per pound?—A. That does not always hold true.

Q. It did between November and January, didn't it?—A. Yes, it did then, but we did not do business just for the period of November and January. Changes take time to come about.

By Mr. Maybank:

Q. It does not always hold true, you say. Is this, in effect, what you say: that when the price goes up there is a tendency for sales to fall off? Is that what you mean?—A. No, if sales are maintained or the increase, the gross mark-up or percentage mark-up we use changes and it changes downward.

By Mr. Dyde:

Q. It does not appear to have changed downward very much over the period under review, does it Mr. Steinberg, in your particular case?—A. It is too brief a period for comparing the percentage.

Q. It is not too brief a period for the housewife to know she is paying a lot more for meat.

Mr. LESAGE: That is it; in two months there was an advance of 10 cents in the price.

Mr. THATCHER: Would not it be a fair statement to say that, when ceilings came off, you found that meat was scarce. You found it was possible to make a larger profit and you simply took a larger profit?

The WITNESS: That is incorrect.

By Mr. Thatcher:

Q. How can you say it is incorrect?—A. I have the figures before me—

Mr. MAYBANK: He was answering further.

The WITNESS: May I have the privilege of answering you completely?

The CHAIRMAN: You were answering Mr. Thatcher at the time.

Mr. MAYBANK: Mr. Thatcher was not looking and he proceeded to another question.

Mr. LESAGE: He was not satisfied with the first part of the answer.

The WITNESS: When meat was still under the ceiling, the mark-up was 25 per cent and it has worked down.

By Mr. Thatcher:

Q. Your gross profit, according to Mr. Dyde, is 9·1 in January and it was only 7·3 in November?—A. That is influenced—if we had maintained the same gross mark-up, it would have been higher than that; so, evidently, we are reducing our gross mark-up as we go along.

By Mr. Mayhew:

Q. May I ask the witness if he considered his profit in the week of December 7, 1946, where he made $10,000 on sales of 167,865 pounds, a reasonable and fair profit to make on that volume of business?—A. Percentagewise, yes. I will explain that.

Mr. THATCHER: Mr. Steinberg has not answered my question yet.

By Mr. Mayhew:

Q. I want to go on to another period. In the week of April 3 he sells 167,693 pounds and he makes $14,807.98. In other words, he makes $4,115.45 more on 173 pounds less of goods sold?—A. We have not made that $4,000 more that is just—

Q. It says here you made.—A. We do not show you our cost of operation. We do not tell you how much more it cost us to sell that meat at this particular time.

Mr. LESAGE: Was there an increase in wages from November to January?

The WITNESS: Mr. Mayhew was asking about that per cent.

The CHAIRMAN: Had you not finished, Mr. Mayhew?

By Mr. Mayhew:

Q. If he wants to argue that way, then you can go on down to January 3.—A. I am not arguing, I am giving you an explanation.

Q. It is not a satisfactory explanation. You go down to January 3, 1948, and you sold 151,011 pounds and you made $13,012.04; that is getting closer again. On much less volume than in December, 1946, you made $3,000 more. Your costs did not switch that much in that time?—A. I would think in that week's operation we lost money in spite of the fact we earned $3,000 more.

By the Chairman:

Q. You said you would think, can you not tell us?—A. I was not asked to bring those figures.

Q. But we are asking you now?—A. I feel sure we lost money.

By Mr. Pinard:

Q. Why?—A. Because we cannot get by on a 13·7 per cent margin.

Q. Would you not know what your increased cost operation was? From the 27th of March to April 3, you say the cost of operation increased. What was that increase?—A. What period are you talking about?

Q. Between the 27th of March and April 3?—A. That is one week.

Q. You said there was an increase in the cost of operation during that time. Is that not what you said?—A. I was not asked that question.

Mr. MAYBANK: Not for those dates, I think.

Mr. LESAGE: He said between January 3 and April—

Mr. MAYBANK: The comparison being made was between dates farther apart than that. January 3, 1948 was one date which Mr. Mayhew mentioned

By Mr. Pinard:

Q. Let us say for the four months, January to April, what was the increase in the cost of operation?—A. I have not those figures.

Mr. LESAGE: You said that. You gave us an explanation that your costs had increased.

The CHAIRMAN: Order, three or four are speaking at the same time. I am sure the reporter cannot follow this.

Mr. PINARD: It must be possible for the witness to give us an idea as to the increased cost.

The CHAIRMAN: Let us put the question and have an answer. You have a question, Mr. Pinard, which you wish to put?

By Mr. Pinard:

Q. I am asking the witness whether he can give us an idea, even if he does not have the figures with him today, as to the increase in the cost of operation for the year 1948, up to April?—A. From what date?

Q. From January to the 17th of April, for instance?—A. Well, to be explicit, I would have to have the figures with me.

Q. What was that?—A. I would have to have the figures with me.

Q. You have no idea at all?—A. Yes, a very good idea.

Q. What was it?—A. At the present time, I think—

Mr. MAYBANK: Mr. Chairman, I should like to ask—

The CHAIRMAN: Mr. Pinard has not finished. Order, please.

The WITNESS: Our over-all gross mark-up at the present time, is less than 15 per cent.

By Mr. Pinard:

Q. Yes, but it applies to what? Is it increased wages?—A. The gross mark-up applies to everything we sell in our stores.

Mr. LESAGE: That is not an answer, witness.

By Mr. Pinard:

Q. In these increased costs of operation, do you take into account the new stores you have built or rented?—A. The cost of operation is the rental we put on the stores based on the volume we do and all the handling charges.

By the Chairman:

Q. Mr. Pinard understands that, but you said there were increases in the costs of operation. Now, let us have them?—A. When we put up a new store, that new store does business and carries its own share. It does not increase the over-all, it reduces the over-all.

Q. What accounts for the increase?

Mr. THATCHER: You did not increase your own rents?

By Mr. Pinard:

Q. You say it is not the new stores you put up, but it is something else. What is it?—A. I would say I think it would reduce the over-all.

Q. What is this increased cost of operation? You have an idea what it represents, that is what I want to know.—A. Sure, it represents the supplies we use. It represents labour.

Q. In other words, there would be an increase in wages during that period or an increase in the number of employees or what?—A. It all relates to volume. The more packages we put out, the higher the volume, the more we have to pay for labour.

By the Chairman:

Q. May I suggest this? The witness says there were increases in the costs of operation. Specifically, not theoretically, what were they? Did you raise wages? Did you pay more rent?—A. I have to have the figures here.

Q. You know your business. You raised the price of meat, your profit increased. You say that the reason for that was an increased cost of operation. Let us have it specifically. I want to say this, as chairman of this committee, this committee is going to get right down to rock bottom at this very time. Meat prices are going up. We are going to take a very strict attitude with regard to this whole thing. We are going to call back the witnesses who have already been here and I am just serving a warning now, we mean business. All right, Mr. Pinard.

By Mr. Pinard:

Q. Well, Mr. Steinberg, you have been with the company for a long time. You have organized that company. You are one of the pioneers of Steinberg's Groceteria?—A. Correct.

Q. Surely you must know now what the increased costs of operation were, if any, during those three months? You must know that without having to have the figures in front of you?—A. You are talking about three months?

Q. Yes; January, February and March.—A. I have not any figures before me, but we know what it is costing us to do business percentagewise.

The CHAIRMAN: Well, now, never mind that. If you cannot tell us, if you cannot answer the question, I suggest we permit the witness to get this information so he can tell us exactly why, in this particular instance, there was this rise.

By Mr. Pinard:

Q. I think the witness should be called upon to produce those figures today. Can he not communicate with his company in Montreal and find out what these increases in the cost of operation were?—A. We do not have to go very far. If you say, 7 cents a pound—I do not know the exact date when the Wartime Prices and Trade Board established the 7-cent figure, but whenever it was, the price of beef or meat was considerably lower than it is today.

Q. Yes.—A. As you know, in meat, there is a shrinkage; there is waste; there is trim; there is handling—

Q. That does not change?—A. Yes, it does, because if you have 5 per cent waste on meat at 35 cents or 60 or 70 cents, it certainly does change.

Q. I am sorry if I have to come back to the same question. You say that the cost of operation has increased during these three months but you have given no particulars about the increase. I am asking you whether you can supply the figures today for that?—A. If the price of beef or the particulars of our earnings as set out here by Mr. Dyde have increased from 2 cents or 20 per cent—we did not gross any 20 per cent over the whole thing.

By Mr. Thatcher:

Q. You did not net it?—A. Gross.

Mr. LESAGE: If I may recapitulate what happened in order to refresh the witness' memory, in answer to Mr. Mayhew—would you look at the exhibit, please, witness? In answer to Mr. Mayhew, you said that between January 3 and April 3 there had been an increase in your cost of operation. You were definite about that. Then, you were asked what the increase was. You said you had no figures but you had a definite idea what it was. You are under oath and you swore that you knew. You stated definitely that there was an increase in the cost of operation. You said you had a definite idea what it was, so what is it?

The WITNESS: Mr. Lesage, I think you are mixing up your questions a little bit.

By Mr. Lesage:

Q. Oh no, that is exactly what happened?—A. May I explain? I think I know what happened.

Mr. MAYBANK: Before you do that, may I say something? The comparison Mr. Lesage is making is not quite accurate. I was checking with Mr. Mayhew and I think his questions began with December 7 and jumped to April 3 of this year.

Mr. PINARD: That does not matter, Mr. Chairman.

Mr. MAYBANK: It would matter.

The CHAIRMAN: Order, please. Mr. Maybank is speaking.

Mr. MAYBANK: Then, there was a question with reference to January 3, 1948. I rather think that the statements which were made in explanation of the profits and that sort of thing related to those two dates in the three months' period.

Mr. LESAGE: Then, I will leave it at that. There were increases in your cost of operation between November, 1947 and January, 1948?

The WITNESS: November, 1947 and January—I would have to get the figures on that.

The CHAIRMAN: You did tell Mr. Pinard there were increases.

The WITNESS: I was answering Mr. Mayhew with regard to January 3 when I said it was 13·7 on earnings and I was pretty definite there was a loss in that week.

Mr. LESAGE: If that is not the explanation, then what is it?

The WITNESS: I said that was the explanation I had given.

By Mr. Pinard:

Q. You then qualified your answer by saying it was because of increases in the cost of operation?—A. I am just looking at the volume and the percentage mark-up we got in that particular week.

Q. You drew that conclusion, that is must have been?—A. In comparison with the $10,000 we earned in December, 1946, as compared with January 3, 1948, when we earned $3,000 more, I say, from the cost of operation between those two periods, that is why I can say we must have lost money that week.

Mr. MAYHEW: You are wrong in your $3,000, it was $4,000.

By Mr. Lesage:

Q. I come back to these two dates, November and January because there was an increase there. You increased your gross margin by 2 cents; that is definite, 2 cents a pound?—A. Gross margin, yes, sir.

Q. Was the reason for that increase an increase in the cost of operation?—A. I explained to you we use the same measure—

The CHAIRMAN: Order, please, gentlemen. Now, there is a specific question and it should not be necessary to go into a long-winded explanation. Surely, you can answer yes or no. It should be possible to answer that question very simply.

The WITNESS: Well, I would have to have the figures to give you an exact answer.

By Mr. Pinard:

Q. I think the witness is bound to admit he just took advantage of the market at that time; that is the only answer we can find in these figures here. I

cannot believe that the witness is not in a position to give us an idea of these increases in the cost of operation?

Mr. THATCHER: He could not have done that if ceilings had stayed on.

Mr. LESAGE: That is another matter. You can argue that in the House.

The CHAIRMAN: Mr. Pinard, you put the question. What is your reply to that, witness?

By Mr. Pinard:

Q. Is it not a fact you simply took advantage of the market? I am not saying you are the only one who did— —A. Thank you very much.

Q. Is that not correct?—A. That is not correct.

Q. You gave no other reason?—A. I was not asked to bring those figures. I am going to explain this, now. We got a call on Saturday morning at eleven o'clock and we got all these figures and worked Saturday and Sunday to be here today to give you these figures.

Q. That has nothing to do with your remark— —A. But we worked; we brought these other figures.

Q. I say that has nothing to do—

The CHAIRMAN: Order, please; let the witness finish. He is explaining, and I think he is reasonable in saying he got a call on Saturday. He was asked for certain figures. He has brought those figures. I think his explanation, now, for not having the information for which you have asked is perfectly reasonable.

Mr. PINARD: Yes, I believe that.

The CHAIRMAN: Now, having said that, I think we must get your answers. You must bring that information here. You can call your firm and get that information on that point. You did say earlier to Mr. Pinard that the reason for that increased profit was due to increases in the cost of operation. You have already said that?

The WITNESS: That is correct. May I qualify it to this extent. We made 2 cents a pound more, but that does not mean we made more because that is only percentagewise.

Mr. MAYHEW: May I point out that in the week of January 3, 1948, his percentage was 13·47. For the next week, January 10, the percentage had risen to 21·28. Now, that is quite a rise.

Mr. THATCHER: Would the British contract have influenced that?

The CHAIRMAN: Let Mr. Mayhew continue.

Mr. MAYHEW: The figures are there. There was a jump of practically 8 per cent in one week.

Mr. THATCHER: Would that not be a case, again, of—

The CHAIRMAN: Please, Mr. Mayhew has the witness now.

The WITNESS: May I have an opportunity of answering?

The CHAIRMAN: Certainly.

The WITNESS: You notice the advance in the week of January 3, that is holiday period, 13·47. Now, the quarter probably showed a loss; that is right after Christmas and New Year. We could not begin to operate on 13·7.

Mr. MAYHEW: I did not take the gross receipts because of the difference in volume but I did take the percentage because I felt sure if we took the gross receipts you would come back with that answer which you did. Therefore, I took the percentage. You had a percentage jump from 13·47 to 21·28.

The WITNESS: That has to do with what people buy right after the holiday season.

The CHAIRMAN: Are you finished, Mr. Mayhew?

Mr. MAYHEW: Yes.

By Mr. Maybank:

Q. The condition which you have described, then, continued into the next week which is the same percentage, virtually, perhaps a little more. It continued also, the next two weeks which run very nearly to twenty per cent. Whatever these conditions relating to what people buy were which you mentioned in connection with the 21·28, evidently continued throughout that month?—A. That is what we like to get. We like to get about 20 per cent.

Q. You attributed this 21·28 to some buying tastes?—A. No, I was talking about the week of 13·47, the week of January 3, and I said there was a falling off.

Mr. MAYHEW: I think some way your answer to me was wrong because this is from January 3 to January 10. The holiday period was passed. The holiday was January 1 and possibly January 2, so that you were starting your normal business on January 3.

Mr. MAYBANK: Which figure is it?

The WITNESS: That might be the week ending January 3.

By Mr. Maybank:

Q. It is the week ending according to your table.—A. Right. That is when people buy maybe a ham or maybe a turkey and have the leavings over and it reflects itself in the sales, in what they buy the following week.

By Mr. Pinard:

Q. Is it the same explanation you would give for the period of January 4, 1947, as compared to January 11, where you have an increase from 18·91 to 24·73?—A. January 4 and January 11—January 4, maybe turkeys were sold at that time. I do not know what the market provided at that time. That might have been and that would have an influence. The week of the 11th they were buying other things that would give a better margin.

By Mr. Lesage:

Q. Do you follow the retail market prices in Montreal?—A. You mean as compared with competitors?

Q. Yes.—A. Very definitely.

Q. Definitely?—A. Yes, sir.

Q. You pay the same price as others, or about the same price for your meat?—A. Approximately.

Q. You check on your competitors' prices, do you?—A. Our firm, yes, sure.

Q. What is your policy?—A. Our policy?

Q. To keep under the others?—A. As much as we can, yes.

Q. As much as you can?—A. If we can, yes.

Q. Can we draw the conclusion that when the average selling price advanced in November from $37\frac{1}{2}$ cents to $47\frac{1}{2}$ cents in January that your competitors' prices advanced slightly more?—A. I would say we were competitive.

Q. You were competitive?—A. Definitely.

Q. If you took a supplementary margin of 2 cents we can draw the conclusion the whole trade took at least 2 cents more?—A. I did not get your question.

Q. From November to January your gross margin went up 2 cents from 7·3 to 9·1?—A. Yes.

Q. You say that you follow the prices of other firms in Montreal?—A. That is correct.

Q. So that other firms' prices advanced also.—A. They must have because we would be competitive.

By Mr. Dyde:

Q. Excuse me a minute. Have you had an opportunity of looking at exhibit 94?—A. I have not made comparisons.

Q. I can tell you what exhibit 94 shows, Mr. Steinberg, and I think it is only fair to you that I should tell you. We have prices in Montreal of retail cuts. I have looked over your pages 2, 3 and 4, and as a general rule you are selling meat to the consumer during those periods since October at lower prices than the prices which the Wartime Prices and Trade Board have given us as being the Montreal prices.

Mr. LESAGE: That is right. That was the reason for my question.

Mr. DYDE: Probably you have not had a chance to compare it.

By Mr. Lesage:

Q. I was not blaming the witness because I know he is charging lower prices than others. Your prices are lower than the average in Montreal.—A. Thank you very much.

Q. I was drawing the conclusion that if you took 2 cents higher margin the others must have taken at least 2 cents.—A. You see, it may be unfortunate but in our practice we do not work that way. We use a percentage mark-up and it is not viewed in that light.

Q. Right. That is what I am coming to. You said your rule— —A. Our practice.

Q. That your method of pricing is based on a percentage basis?—A. Right.

Q. But would the prices of your competitors affect your method to a certain extent in certain circumstances?—A. It would to this extent, that if they were lower we would reduce our prices.

Q. You would?—A. We would.

Q. Did you at times?—A. Oh, sure.

Q. You did at times?—A. Oh, sure.

Q. Lower your prices?—A. To meet competition at all times.

Q. At all times?—A. Yes, provided we are aware of it.

Q. You do not stick rigidly to your method of pricing?—A. The method is the same except that we have got to make allowances where we have to meet competition. Your formula does not change, but we take away—it is a fixed sum minus whatever we have to take away.

Q. We can draw the conclusion that if you were sticking rigidly to your method of pricing, without taking into account the prices of your competitors that your margin would even be higher?—A. I would not know that it would be any higher. We are satisfied with a 20 per cent gross mark-up. Where we are lower than 20 per cent it is because we are influenced by competition, yes. In other words, if we are 18 and that is because of competition then I would say that 18 has something to do with competition. I would say it would be less for that reason.

Q. When competition forces you to lower the price of certain cuts, for instance, would you try to take what is necessary to get your over-all percentage margin on some other cuts?—A. It all depends how keen that competition was and how much it influenced the market.

Q. Suppose it does.—A. We have got to work on a safe margin. We may put the price of one thing down and advance the price of another, or may not advance it at all, but we would have competition no matter what the commodities were.

Q. Your first rule is to be competitive?—A. Yes.

Q. To try and get from the market as much as you can.—A. That is not trying to get all you can. That is trying to make a safe margin of profit and still be competitive.

Q. You take a safe margin of profit and you take all the market can bear without going out of business and keep your customers? That is right?—A. That is what it all adds up to.

Q. That is what it all adds up to. You take as much as possible but only to the point that you will not lose your customers?—A. Yes. If we took as much as possible there would be more storekeepers than customers.

Q. I know that. That is why I say as much as the market can bear.—A. That is a broad term, as much as the market can bear.

Q. But you do not want to lose your customers?—A. That has not been our practice. We believe we have given the customers the best values we can possibly afford and that is why we grew.

Q. That is your assumption?—A. No, sir, that is a fact.

The CHAIRMAN: I wonder if there is not an observation that should be made at this time. So far the evidence is that this particular company is charging lower prices than others within the area and yet he has made a profit, and a good profit.

Mr. LESAGE: Yes.

The CHAIRMAN: Whether it is fair and reasonable, high or low, that is not for me to say at the present time, but if he is lower then the others are certainly making a lot more. Are we going to let that situation run and do nothing about it in this committee? We might call it to the attention of the Wartime Prices and Trade Board. What do you say about that, Mr. Dyde?

Mr. DYDE: It would appear from my examination of this witness and my examination of the exhibits that we have, that this witness has increased his profit by way of cents per pound during the period from November to January. It would also appear that increase has been not completely maintained, but up to the time when the report finishes it has not dropped materially. It has gone down to 8·3 cents per pound. Since April 17 it seems common knowledge that prices are going up again. It would appear to me that comparing this witness' evidence with exhibit 94 that other retailers, whether independent or chains I cannot say, are reaping an even higher advantage than Steinberg's, and that there certainly should be consideration given by the proper authority as to whether proceedings might be taken under present existing law in regard to the retail prices being charged in Montreal.

Mr. THATCHER: Are you suggesting ceilings again?

Mr. DYDE: No.

Mr. MAYHEW: Under the just and reasonable clause.

Mr. LESAGE: The just and reasonable provision.

Mr. DYDE: I am not thinking of ceilings at all.

Mr. THATCHER: I am sorry, Mr. Chairman—

The CHAIRMAN: He is talking about existing law. That could not possibly mean ceilings.

Mr. THATCHER: What is the existing law? I am not a lawyer. I should like information.

The CHAIRMAN: Section 8 of the Wartime Prices and Trade Board order.

Mr. PINARD: Which states that nobody should be allowed to make an unjust and unreasonable profit.

Mr. BEAUDRY: I do not know whether Mr. Dyde's statement does not cover a very broad field into which perhaps we should not go. The figures which are supplied to us by the Wartime Prices and Trade Board include the operations of a lot of retailers who are not in the same kind of business as Steinberg's. I think it might place them in a particularly bad light, an invidiously bad light, at this

particular time. I do not think it is fair to say that because Steinberg's sell at lower prices then there is possibly an implication that his neighbour may be making an undue profit.

Mr. LESAGE: That is not what Mr. Dyde said. Mr. Dyde talked about the advance in margin in cents.

The CHAIRMAN: That is right.

Mr. THATCHER: There is one other angle I should like to get at. I have been waiting for a few minutes—

Mr. MAYBANK: Just a moment, before concluding that. There was a statement made further back and there was a bit of discussion about it at the time, and I want to see that we are clear as to what is wanted. When discussing these extra profits or larger amount of profits—Mr. Mayhew having started this—the witness said he felt sure costs of operation had gone up over the period in question. We talked a good deal about that but did not come to a definite conclusion as to what was wanted. It does seem to me if there is an additional cost of operation over any of this period, that is, from December, 1947 to April 17, that we ought to know about it and just where it is. That is one piece of information that ought to be on the record. Is it clear we are going to get that now?

By Mr. Dyde:

Q. Mr. Steinberg, I suppose you have monthly statements, have you not?—A. We keep an operating record of each individual week, yes.

Q. Could you by telephone between now and 4 o'clock obtain sufficient information from those statements to be able to give us factual information with regard to your cost of operation from November, 1947 up to the present time?—A. November, 1947?

Q. Yes.—A. I do not know that I could get it in time for 4 o'clock.

Q. Would the statements not be there for somebody to read the figures to you over the telephone?

The CHAIRMAN: Mr. Dyde, will you want him at 4 o'clock? We have another program, as you know, an executive session this afternoon. Will you want him at 4 o'clock?

Mr. DYDE: I was hoping to save his time to some extent. It would be quite satisfactory tomorrow as far as I am concerned.

Mr. LESAGE: Maybe it would give the witness a better chance to gather the information.

The CHAIRMAN: We have a program for this afternoon that we must go on with.

Mr. MAYBANK: I should like to ask this to get it clear. I am told by Mr. Mayhew, according to some figures he has put down on a piece of paper in front of him, that these gross profits indicate an increase of 47 per cent over the period in question. Would you think, Mr. Steinberg, that figure was about correct, a 47 per cent increase in gross profits?

The WITNESS: Dealing with December, 1946, and April 17?

Mr. MAYBANK: Yes.

Mr. MAYHEW: Would you think your cost of operation has jumped 47 per cent?

Mr. MAYBANK: First of all my question was, that appears to be the increase in the gross profit, and it means from the top to the bottom of this sheet. Is that right?

Mr. MAYHEW: That is right.

By Mr. Maybank:

Q. Does that strike you as being about correct?—A. The figures—

Q. If you cannot answer quickly it does not matter.—A. It is not that I cannot answer quickly. The figures are here and whatever percentage works out, but there is another question in my mind, that it cost us considerably more to do $89,000 worth of business than it did to do $52,000.

Q. The $89,000 being the last figure?—A. And the $52,000 being December.

Q. The $52,000 being the first figure?—A. Yes.

Q. You say there is no doubt in your mind that it cost you a great deal more money to do— —A. To do the additional volume of business.

Q. Do you mean per unit? I would expect to do $89,000 worth of business it would cost more than to do $52,000 worth of business.

Mr. PINARD: I do not believe so. May I be allowed to ask a question—

Mr. THATCHER: I have been waiting for half an hour, too.

Mr. MAYBANK: Just a moment.

Mr. PINARD: I think it is a wrong inference from the witness.

Mr. MAYBANK: There were too many interruptions.

Mr. PINARD: I should like to ask—

Mr. MAYBANK: Wait a moment.

Mr. PINARD: He handled the same number of pounds—

Mr. MAYBANK: Excuse me; I am asking the witness a question.

Mr. PINARD: Well,—

Mr. MAYBANK: Just a moment, please. I appreciate that all the interruptions are intended to be helpful, but all the same I would prefer not to be helped at the moment. I might have been wrong in saying that I would expect that it would cost more in the total to do $89,000 worth of business. That was the point of interruption, but at any rate the question that I was striving to ask related to this. You said you were sure it cost you more to do $89,000 worth than it did to do $52,000 worth. That is one statement you made.

The WITNESS: That is correct.

By Mr. Maybank:

Q. My question then was, did you mean by that in the whole volume or did you mean per unit or what did you mean?—A. I meant in the volume, the whole volume. There is a difference betwen $52,000 and $89,000.

Q. You merely meant to say— —A. It cost us money to do an additional $37,000 worth of business.

Q. You did not mean that it cost you more per unit?—A. No, it may not cost more per unit.

Q. Coming back to where I started I spoke of there being a probable increase of 47 per cent. You have told us that you feel sure that you have a very great increase in costs of operation. You have told us that?—A. Yes.

Q. Are you prepared to say at the moment you feel sure you can say that your costs of operation have gone up in greater proportion than your profit has increased?—A. I could not tell you that until I get the figures.

Q. You are going to get the figures on that?—A. I will get any figures that you would like to have, providing we have them.

Q. What I want to make sure of is that it is clearly understood that the figures we are after are such as will justify the statement that you have made that your costs of operation will more than account for any such increase in gross profit, without trying to tell you what figures to get, because I cannot tell you that. It is clearly understood that is what is being aimed at, Mr. Steinberg. You appreciate that?—A. For me it is not difficult. When I look at the gross percentage mark-up of 19·68 and look at the 20·30, that is my guide.

Q. I think that is where it can be left, particularly since you say that for you it is not difficult to give an explanation. Therefore I do not think it is necessary for anybody to impress on you just what it is that I, as one of the committee, would like to have.

By Mr. Thatcher:

Q. May I ask a question now? There is one point I am not clear on yet. I think Mr. Mayhew raised it a while ago. It has to do with the difference between January 3 and January 10 in the gross profits. I was wondering if Mr. Steinberg could tell the committee what storage facilities they have? Have you got storage facilities for meat?—A. None whatever.

Q. You do not store any meat at all?—A. No.

Q. You would not have any inventory appreciation that you carried over the year that would account for that difference?—A. No, sir.

Q. You cannot tell us what the difference is, how that gross jumped 8 per cent?—A. We just did not do business on a lot of items that give us our normal profit in that particular week.

Q. But you do not definitely know the reason for that.—A. Well, I can take January 3. At New Year's people buy poultry before the 1st, and they have got poultry in the house. It naturally influences our sales and the items they buy.

Mr. BEAUDRY: And yet your volume is higher for that week than it is for the weeks immediately before and after. The same phenomenon is found in the Easter week, where your volume is considerably higher both in dollars and pounds.

Mr. MAYBANK: Mr. Chairman, I am not sure if I understand clearly what you and Mr. Dyde were saying a few moments ago. I wonder if it is desired to let such a statement go out unqualified. It seems to me it was said that the evidence is this business sells lower than competitors.

The CHAIRMAN: In that area.

Mr. MAYBANK: Yes. That is not accepted as a fact as yet, is it? It rests on the evidence of this witness, and it is his honest opinion. Is that not the way the thing stands at the moment?

Mr. DYDE: Yes, and the only other source that we can turn to is exhibit 94, retail prices generally in Montreal.

Mr. MAYBANK: We have taken retail prices as shown on exhibit 94. That is an average. The prices of this witness are lower than those on exhibit 94. Then that would allow for the fact that there may be other competitors also selling lower, and a considerable number perhaps selling higher, and between them all we can arrive at an average.

Mr. DYDE: Yes. The information we got yesterday with regard to Montreal was that the prices on exhibit 94 were taken on a check of 29 independent stores and 4 chains.

The CHAIRMAN: That is pretty accurate. I think we can assume that is a fact. Exhibit 94 is a pretty carefully worked out document.

Mr. MAYBANK: All I wanted to get at was that the evidence before us would indicate that this business is below the average which is different than saying that we now accept that these prices are below all competitors. In order to get an average you may have seven people quite low and sixteen people quite high, but one of the seven cannot be singled out as being the low one.

The CHAIRMAN: That is correct.

Mr. MAYHEW: Would one of the four chain stores be Mr. Steinberg's?

Mr. DYDE: I cannot answer that.

Mr. PINARD: You got the information from the regional office of the Wartime Prices and Trade Board in Montreal?

Mr. DYDE: Yes.

By the Chairman:

Q. I wonder if you can give me an answer to these three questions. Following the removal of price ceilings on meats on October 23, 1947, there were moderate increases in the price of meats both at the wholesale and retail level?—A. Yes.

Q. How do you explain that?—A. Well, the packers advanced prices, and then the retailer must advance.

Q. What is that?—A. If the packing house advances prices—

Q. But why would he advance them, do you know?—A. Their contention was they had to advance them, their cost.

Q. That is your answer. When the United Kingdom contract prices were increased in January there were marked increases in all prices. That is understandable?—A. Yes.

Q. The result was there was an outburst of complaints by consumers all over the country, just as there is now, and legitimately so, and those were given wide newspaper publicity. Then the government announced on January 15 the intention to reimpose ceilings, and then right away there was a recession in prices. How do you explain that?—A. Consumer reaction. I do not think it was any fear on the part of the retailer or packing house. It was more that customers may have just refrained from buying at that particular time.

Q. Your explanation is consumer resistance?—A. Yes.

Q. And that is the only explanation you can offer?—A. That is right.

Q. I suggest to you it was more than that. I suggest to you the announcement itself had something to do with it?

Mr. MAYBANK: The announcement of an investigation?

By the Chairman:

Q. The announcement of the intention of the government to reimpose ceilings.—A. I could not answer that.

Q. You do not want to give an answer to that?—A. I am not in—

Mr. PINARD: Could I ask the witness—

The CHAIRMAN: Do you mind if I finish this?

The WITNESS: It would not influence our prices.

By the Chairman:

Q. It would not influence your prices a bit?—A. No. The only thing that would influence our prices is the price we have to pay for the meat we are selling.

By Mr. Pinard:

Q. There is one thing I do not quite understand. You say that this announcement was made of the possible intention of the goverment to reimpose ceilings and there was consumer resistance at that time. How do you explain that?—A. I said there may have been consumer resistance at that time.

Q. Do you not think it should have been the contrary that would occur, that there would be no consumer resistance when the government announced its intention to reimpose ceilings?—A. They may have refrained from buying because they thought the price was too high, and were looking forward to a reduction in price. That is what I mean by resistance.

Mr. MAYBANK: The answers are all speculative, anyway, are they not?

The WITNESS: That is right.

By Mr. Kuhl:

Q. May I ask Mr. Steinberg if he can give any idea of the proportion of his costs that are represented by dominion taxation?—A. I have not got that figure.

Q. You have no idea at all?—A. No.

Q. Would you say it was quite considerable?

The CHAIRMAN: He said he has no idea. How can he say it is quite considerable?

Mr. KUHL: Other witnesses have said it was quite considerable.

The CHAIRMAN: This witness says he has no idea. How can he say it was quite considerable? Having said he has no idea I think that ends it.

Mr. MAYBANK: I should like to ask a question in the same respect. It is this. I think perhaps it is fairly well in line with Mr. Kuhl's question. Does the witness favour taxation of any kind at all on anybody? Perhaps it is not necessary to answer that.

By Mr. Mayhew:

Q. Would the witness have any idea as to what percentage of his business is in smoked and cooked meats?—A. I have not that figure here.

Q. Either in dollars or in pounds?—A. No, I have not.

Mr. DYDE: I want to reiterate something Mr. Steinberg himself has said. That was that I got in touch with him first on Saturday morning last, and he did a very large job in getting these figures for us by this time. It was hard work for him to do so.

The CHAIRMAN: We appreciate that. We know he will get the other figures in equally as short a time and with great efficiency.

By Mr. Maybank:

Q. I should like to follow up what Mr. Mayhew was asking about. In view of the fact that the witness is going to get certain figures I wonder if he would be good enough to get figures with reference to any meats that are processed in any way.—A. I have made a note of that because of Mr. Mayhew's question. I have made a note of that to see if we have a breakdown.

Q. So we can estimate what proportion of the meat business is of that kind. —A. I will check to see if we have a breakdown.

By Mr. Dyde:

Q. Now, for the purpose of the record, Mr. Chairman, I think I should explain the succeeding pages of this document which has been produced by Mr. Steinberg. You turn to page No. 2, Mr. Steinberg, and there you have three columns showing your average cost of red brand beef and your average cost for blue brand beef over a period. Then, your third column, I think is estimated mark-up of all beef in a percentage?—A. Correct.

Q. It is abbreviated in the title and I thought we should have clear on the record what it was.

One further question, estimated mark-up, is not necessarily the actual mark-up which you obtained, is it?—A. That is correct.

Q. It is the mark-up which is set, but not necessarily received?—A. That is correct.

By Mr. Irvine:

Q. Does that mean you might have received more?—A. Very unlikely more because, on the basis of that estimation, the stores get the price at which to sell the meats. They are not permitted to sell at a higher price. They are given that to follow the retail price we establish.

By Mr. Dyde:

Q. He may sell at a lower price?—A. Oh, sure.
Q. But he may not sell at a higher price?—A. No.

By Mr. Mayhew:

Q. The percentage mark-up column, that would not be 18·45 on 22 or 23, that would be on the selling price?—A. That would be on the selling price.

Mr. PINARD: The other figure is your cost?

The WITNESS: It is not on cost.

Mr. MAYHEW: It is difficult for us to figure what this 18·45 would be in cents per pound.

Mr. PINARD: We would have to have the selling price in regard to the mark-up.

By Mr. Dyde:

Q. Just before we leave that page; your average cost of red and blue is set out as an average figure for each of these dates, 23 and 22, etcetera; that is 23 cents a pound, is it?—A. I think that is based on the carcass.

Q. It would be $23 per hundred?—A. Yes, on a carcass basis. It is 23 cents a pound.

Q. Coming to sheet 3, you also have columns headed "M", "U" or "M" up. In all cases that is mark-up percentage on sales, is it not?—A. Correct.

Q. Now, on page 3, under the heading, "Pork Loins", I notice that you have two columns, one headed, "Sell roast", and the other headed, "Sell chops"?—A. Yes.

Q. Would you explain why you made these columns in that way?—A. Well, the store is invoiced out at an estimated price. He is asked to sell it at 39 cents. If he is selling any chops, the differential is 4 cents, 43 cents. He is only charged at the basis of 39 cents and not the 43.

Q. And your mark-up percentage in the next column— —A. Is based on the 39 cents price.

Q. And not on the 43 cents price?—A. That is correct.

Q. Does the same apply to the columns under, "Regular hams", where you have the cost and then you say, "Sell whole", or, "Sell butt end"?—A. That is correct.

Q. That means, if your store sells the whole ham it is sold at 42 cents a pound and if the store sells the butt end, it is sold at 45 cents a pound and the margin is taken on the sale at 42 cents rather than at 45 cents?—A. That is correct.

Q. Now, you say also in your column under "Hams", cost without tax?—A. Yes.

Q. In connection with pork loins, there is no sales tax. In connection with regular hams, there is a sales tax, so you have set your cost without tax and if we were going to find what you actually paid to the packer we would have to add to the figures under that column, 8 per cent. Is that correct?—A. That is correct.

Q. On page 4, I notice that you have given us two main divisions, "Rind-on bacon", and "Rindless bacon". The rind-on bacon, is that sliced?—A. Yes, it is all sliced.

Q. So we should add there that it is sliced. Again the same remark applies, does it not, that it is the cost without the tax and, in order to find what it actually cost you there must be an additional 8 per cent added?—A. That is correct.

Q. And the column headed "M up per cent" is again margin or mark-up percentage on sales?—A. That is correct.

Q. In the general division, rindles bacon, is that rindless bacon which is sold in cellophane packages?—A. That is correct.

Q. You sell some of your own bacon in that manner?—A. Well, we sell some of it. Rindless is only 10 per cent, approximately, of our sales.

Q. And of that 10 per cent, do you sell any of your own?—A. Some.

Q. Can you say about what percentage?—A. I have not that figure.

Q. Is it fair to say that, for the most part, the rindless bacon in cellophane packages which you sell is purchased from the packers?—A. That would be correct.

Q. And again, we would have to add to the column, "Cost without tax", 8 per cent to find out what you actually paid, if you were buying that bacon from the packer?—A. That is correct.

Mr. LESAGE: Are you leaving that page?

Mr. DYDE: Yes.

By Mr. Lesage:

Q. May I ask one question? For instance, the cost of bacon on April 3, 56 cents. Would this be the price you paid to the packers for sliced, wrapped bacon?—A. Which line 56 are you talking about?

Q. April 3—A. You are talking about rindless?

Q. Yes?—A. 56 plus tax.

Q. It comes to the store all wrapped?—A. Half-pound packages, yes.

Q. 56 cents plus tax would be 60 cents, about?—A. About that.

Q. That means you charge, for a half pound, about 8 cents just to receive the half pound in cellophane and deliver it over the counter to the customer?—A. We do not do that.

Q. You do not deliver it over the counter?—A. No, sir.

Q. What do you do?—A. They help themselves.

Q. So you charge 8 cents— —A. For giving the customer that privilege.

Q. For giving the customer the privilege of picking up a half pound of bacon, you charge him 8 cents?—A. That is correct.

Q. Did you ever break down the cost of that service to the customer?—A. No, sir.

Q. It is not 8 cents?—A. It could not be.

Q. How much would it be?—A. You have just asked the question, and I said I did not know. We do not break it down into individual items, it is too costly.

By the Chairman:

Q. It does not cost 8 cents?—A. No.

Q. Then, why do you charge that much?—A. Because we take the over-all sales and the over-all cost of doing business.

By Mr. Lesage:

Q. Did you break down your profit on meat sales for last year, for instance?—A. You mean separate the cost of the other items?

Q. Can you give us a statement of the operations of your meat department?—A. Well, you see—

Q. A separate statement?—A. Well no, because it is all part of the cost. You see, we show you our profit on the basis of what we do and what we estimate our mark-up to be; that gives us our profit. We do not allocate, separately, the actual cost, the over-all cost of operation on the meat department.

Q. You would not do that?—A. We do not do it. If you were to go into one of the stores and shop, you would buy bacon, fruit and groceries, and it is an over-all cost. It is not separated.

Q. You do not separate it?—A. No.

Q. You have no idea if you are working on a general profit in your meat department or not?—A. We do get that.

Q. You have your margin, I know, but you do not know that this——A. We do not break it up as you are trying to get at it at this moment, no.

Q. You never know whether it would be fairer to take a lower margin on meat and a higher margin on something else to compensate?—A. We do not know that. We are always working to lower the mark-up on meat and if the prices continue to be as high as they are, it would be much lower than we would even like.

Q. It would have to be because, otherwise, you won't be taking a profit?—A. Otherwise, we won't be doing business.

Q. Because it is not reasonable and the consumer is right in thinking so?—A. I think so, too.

By the Chairman:

Q. You think prices are not reasonable?—A. We think prices are too high.

By Mr. Kuhl:

Q. In comparison with what?—A. In comparison with what they have been accustomed to paying.

Q. It is not related to cost. Costs are not mentioned in that statement.

By the Chairman:

Q. Mrs. Consumer is the one who can tell you what the comparison is. The comparison is with what she formerly paid. You say now that prices are unreasonably high?—A. Unreasonably high.

Mr. KUHL: Compared with prices in the past.

The CHAIRMAN: Oh, yes.

By Mr. Pinard:

Q. You mean as compared with what the consumer was paying, or do you take into account the costs?—A. No, I am talking about what the consumer has been accustomed to paying for meat products.

Q. When you take into consideration the increased cost, you say the profit is not higher than it was before?—A. No, percentagewise, it is not higher. In fact, over an extended period of time, it is lower.

By Mr. Fleming:

Q. How do you account for the spread in the mark-ups over the periods shown on these pages. There is quite a spread in your percentage mark-up. Take page 4, for instance, your mark-up ranges all the way from 6·90 per cent right up to 22·3 in the fourth column. Then, in the seventh column, the last column, the range is not quite so striking. The lowest I see is 12·8 on January 18 and a high of 23·30 on October 18 and October 25?—A. I am sorry, I did not follow you because I have been looking at the wrong column.

Q. I direct your attention to the high and low figures in the fourth column. The lowest seems to be on March 6, 6·90 and the highest seems to be 22·38 which continues for the three weeks October 4, 11 and 18. Then, in the seventh

column the low seems to be 12·48 on January 18 and the high seems to be 23·30 on October 18. There is 23·24 on January 24. How do you account for these fluctuations; that is quite an area of fluctuation in a percentage mark-up?—A. Well, go back to the first one, here, 22·38 on October 18, rind on bacon; that is the first figure. The percentage mark-up to be obtained has much to do with the available supply of bacon. At the time, I would think from the mark-up being obtained that the bacon at that particular period was on the short side and was readily sold on that basis. If we go down to the 6·90, bacon may have been in plentiful supply and in competition or the anticipation of even lower prices, we would adjust our prices accordingly in order to obtain volume.

The CHAIRMAN: May I suggest to you, Mr. Fleming, that we had this difficulty with the witness. He is saying, "may", and that is not good enough. We have not been satisfied with his—I should not say with his responses. He did, in a very short time, prepare a lot of material but he did not prepare the material which the committee wants. He has been asked to bring back more information. I suggest, to properly answer the questions he will have to have more material. What may have been is of no benefit to us. We want to know why.

Mr. FLEMING: I think the committee will want concrete information of a general nature to explain why you have these very wide fluctuations in your percentage mark-ups.

Mr. BEAUDRY: I think Mr. Fleming is directing his attention to what seems to me to be a misprint, in relation to that 6·90. If the cost is 50 cents and the selling price is 62 cents, then his mark-up is not 6·90 per cent.

Mr. IRVINE: Where is this 6·90?

The CHAIRMAN: In the fourth column on page 4.

Mr. FLEMING: If you go to April 10, the figure is 7·67.

Mr. BEAUDRY: That seems reasonable because the selling price is 62 and the cost is 53.

Mr. LESAGE: There seems to be an error in the figure for March 15 and the figure for March 20.

Mr. PINARD: This is very difficult for the reporter. There should be a question asked on this, should there not?

Mr. LESAGE: I am just pointing out there are some mistakes in the working out of these percentages.

The WITNESS: I do not know where the mistakes were made.

The CHAIRMAN: I think we ought to permit Mr. Steinberg to secure the information for which we have asked. Then, we can get answers to our questions. It must be quite apparent to others who are to come or those who have been here and may be recalled, that we mean to get the answers.

Mr. MAYHEW: Would it be possible to have this column on this sheet show the net profits, either in dollars or percentages?

The WITNESS: Separate for the meat department?

By Mr. Mayhew:

Q. Yes.—A. No, we did not break it up that way.

Q. How did you get these figures?—A. Because we estimate the price. We do not charge the department with the operating charges of the store. In

other words, as I explained to Mr. Lesage earlier, if you went into the store, the light service, the check-out and all the other operations are not divided up.

By Mr. Pinard:

Q. That is not charged at all in your last column?—A. No, that is a gross mark-up and the expenses of doing business are deducted from that.

Q. In relation to the total sales of your store?—A. We would not know, definitely, whether the proportions we charge percentagewise would be actual.

The CHAIRMAN: The committee will adjourn now until four o'clock this afternoon.

The committee adjourned to meet again at 4.00 p.m.

AFTERNOON SESSION

The committee resumed at 4 p.m.

The CHAIRMAN: We are not going back to the bread inquiry at this stage, but we are going to take advantage of today's arrangements before the executive session to put on the record the evidence of Dr. Pett with regard to the bread examined by him and his colleagues. Dr. Pett has to go away on an extended departmental visit, and so as to make his evidence available we are calling him at this time. I think he has a very interesting story to tell us.

Dr. L. B. Pett, Chief, Nutrition Division, Department of National Health and Welfare, called and sworn.

By Mr. Dyde:

Q. Dr. Pett, would you give the committee your official position, please?—A. Mr. Chairman and gentlemen, I am chief of the nutrition division of the Department of National Health and Welfare.

Q. And your branch had occasion to make a report on bread at the request of the committee, and the report was made up by you and the officials of your branch. Is that correct?—A. An analysis was carried out by the laboratory services of the department, and reported to me for nutritional interpretation. It is not quite the same as saying they were made up by my branch. It is a minor point because we work together as one department.

ANALYSIS OF LOAVES OF BREAD MENTIONED IN EVIDENCE

The attached table was prepared by the Laboratory Services, Food and Drug Divisions, Department of National Health and Welfare, at the request of the Special Committee on Prices.

Particulars shown in brackets are those which have been added by the Secretariat of the Committee to conform with the evidence of witnesses who have appeared before the Committee. In explanation of this it should be noted that the particulars were not always apparent to the inspectors who purchased the bread.

REPORT ON BREAD REQUESTED BY SPECIAL COMMITTEE ON PRICES

Lab. Number	Manufacturer (10 cent loaves)	Brand	Sold by	Price	At	Appearance and texture	Original weight of loaf	Moisture	Analysis on dry basis: Ash	Fibre	Protein	Fat	Carbohydrate (by diff.)	Calories	Calories per loaf as received
							grams	%	%	%	%	%	%	%	
A1988	Dominion (General Bakeries)	Richmello	Dominion Stores	0.10	Toronto	Satisfactory	699	37·8	2·9	0·2	16·4	2·6	77·9	401	1,743
A1999	Standard Bread	White (Dominion)	Dominion Stores	0.10	Ottawa	Satisfactory	710	34·1	3·0	0·2	16·7	3·0	77·1	402	1,881
A2001	Dominion (Inter-City)	White (Dominion)	Dominion Stores	0.14 (0.10)	Montreal	Satisfactory	710	36·1	3·0	0·2	16·7	4·6	75·5	410	1,860
A2061	Steinberg's (Richstone)	Big City	Steinberg's	0.10	Montreal	Satisfactory	694	35·9	3·0	0·3	15·9	3·6	77·2	405	1,802
A2064	Wonder Bakeries	Table Queen	M. Wolfe	0.10	Montreal	Satisfactory	665	35·9	2·1	0·3	15·0	5·0	77·6	415	1,769
A2083	Loblaw's (Canada Bread)	Cottage	Loblaw	0.10	Toronto	Satisfactory	677	25·8	2·1	0·3	16·2	3·9	77·5	410	2,060
A2085	A. & P.	Ann Page	A. & P.	0.10	Toronto	Satisfactory	707	36.6	2·1	0·1	15·7	4·8	77·3	415	1,860
A2088	Regal Bakery	Regal	Regal Bakery	0.10	Hull	Satisfactory	660	36·8	1·3	0·3	15·5	6·8	76·1	428	1,785
													(Average	411	1,845)
	(14 cent loaves)														
A1985	Weston's	Enriched White	Dominion Stores	0.14	Toronto	Satisfactory	716	39·6	3·3	0·31	15·9	4·3	76·2	407	1,760
A1986	General Bakeries	G.B.	Dominion Stores	0.14	Toronto	Satisfactory	715	38·7	3·3	0·3	15·5	4·4	76·5	408	1,759
A1987	Christie's	White	Dominion Stores	(0.14)	Toronto	Satisfactory	718	36·4	2·9	0·3	15·6	5·1	76·1	413	1,886
A2004	General Bakeries	Canada Cream	Dominion Stores	0.14	Montreal	Satisfactory	648	36·3	2·6	0·2	16·2	4·4	76·6	411	1,696
A2005	General Bakeries	Excel	Dominion Stores	0·14	Montreal	Satisfactory	690	30·4	2·2	0·3	16·2	3·1	78·2	406	1,949
A2006	Inter-City Baking	White	Dominion Stores	0·14	Montreal	Satisfactory	648	31·3	2·6	0·2	16·8	3·5	76·9	406	1,807
A2012	Harrison Bros.	Silver Bell	Dominion Stores	(0.14)	Montreal	Satisfactory	672	36·9	2·7	0·3	15·4	5·6	76·0	416	1,764
A2063	James Strachan	Royal Ideal	Epicerie Ideale	0.14	Montreal	Satisfactory	676	37·0	1·9	0·2	15·0	4·9	78·0	416	1,771
A2121	Strachan Bros.	Blue Ribbon		0.14	Montreal	Satisfactory	664	34·7	2·1	0·2	15·0	4·0	78·7	411	1,784
A2122	Pain Supreme	Bleu Blanc Rouge		0.14	Montreal	Satisfactory	696	36·4	2·5	0·2	15·3	3·3	78·7	406	1,797
													(Average	410	1,797)
A2089	Canada Bread	Majestic	Canada Bread	0.11	Ottawa	Satisfactory	666	38·0	1·5	0·3	16·0	2·2	80·0	404	1,668
A2062	Canada Bread	White	Steinberg's	0·12	Montreal	Fair	688	37·1	2·1	0·3	15·6	4·3	77·7	412	1,783
A2087	Galla's	My-T-Fine	Galla's	0.13	Ottawa	Satisfactory	718	35·9	2·0	0·3	15·7	5·7	76·3	419	1,928
A2090	Rideau Bakery	Unwrapped	Rideau Bakery	0.13	Ottawa	Satisfactory	693	32·8	1·2	0·3	15·6	3·5	79·4	412	1,919

By Mr. Dyde:

Q. Would you please look at the table? I think it will be necessary to go over one or two items in detail so we will understand the table. I see the first column is the lab. number. That is an identification number, is it?—A. That is correct.

Q. Then the name of the manufacturer comes in the next column, and there is an explanation there, gentlemen, which appears on the cover paper. Certain items have been added to this since it came to the secretariat from the analyst. The secretariat thought it would be convenient to make small additions to the table. You will see an addition under the heading "Manufacturer", "10 cent loaves" in brackets, and halfway down the page you will see "14 cent loaves" in brackets. That was put in by the secretariat as explanatory, and I think does not detract from the analysis itself. You will find other places where words have been put in in brackets, and they in each case have been put in by the secretariat. The next column is the brand of bread, Dr. Pett—A. It is the name attached to the bread for purposes of selling it to the public by the manufacturer, or by the store merchandising it.

Q. Then there is a column headed "sold by", and that is self-evident, I think. —A. That refers to where the inspectors of the department purchased the bread according to the regulations under the Food and Drug Act.

Q. And the column headed "price" is the price which the inspector paid? —A. Yes. There are two or three brackets inserted here in which there is apparently a difference of opinion between our inspectors and the secretariat. There is one especially, the third item in the list. There is a difference between the secretariat and what the inspector recorded as the price of the bread.

Q. I do not think it is very material, but the secretariat after investigation thought there must have been an error there, and so the price of 10 cents has been put in although the inspector reports he paid 14. Then further down in the same column you will find that there are two other prices in brackets, 14 cents, and those are inserted in places where there was no price.—A. That is correct. The inspector had not recorded the price.

Mr. MAYBANK: In that third item is it the price that is in brackets that was paid or the price not in brackets?

The CHAIRMAN: Fourteen cents was paid.

By Mr. Maybank:

Q. Fourteen cents was paid and 10 cents was what you thought should have been paid?—A. That is correct.

By Mr. Dyde:

Q. Then the next column is the place at which the bread was purchased? —A. That is correct.

Q. Then you begin remarking on the bread from there on, I think. Perhaps you would be good enough to carry through your remarks on the first loaf of bread, that is the Richmello loaf, which is laboratory number A-1988, and explain to the committee what the rest of your terms mean.—A. Under appearance and texture, the loaf of bread is cut with a sharp knife and simply looked at. The appearance refers primarily to evenness of the size of the gas cells, that is, the cells of the bread. If there are very large holes just under the crust it is not considered satisfactory. It is noteworthy that only one loaf in the whole list was down-graded on the basis of having such large air cells in the loaf that it was not considered satisfactory. If the texture is in any way ununiform, that is, if there are tremendous variations in the size of cells, even if there are not large holes, that would also be a reason for grading it down. Appearance and texture are a matter of judgment when the loaf is first cut.

By Mr. Maybank:

Q. May I ask a question? Did you just examine the first loaf that was bought? Is that the extent of the examination, just one loaf?—A. Yes.

Q. Just for illustration it could be that one obtained a loaf that was poorer than the usual loaf of that particular organization. Would that be correct?—A. That is certainly possible.

By the Chairman:

Q. Did you only examine one loaf of each brand?—A. Yes. There are actually three loaves purchased. Only one is examined.

Q. What do you do with the other two?—A. One is wrapped up, sealed and left with the merchant from whom it is purchased. It is under seal. The second one is wrapped up and sealed and kept in the laboratory of the department. In case this committee or any one else questions the analysis it will be unsealed. The third one is analyzed. That is the regular procedure, and therefore only one was actually examined, as indicated here.

By Mr. Dyde:

Q. Would you go to the next column, please?—A. The loaf of bread is then weighed, and since this is a scientific investigation it is weighed in grams and not pounds and ounces. These are pound and a half loaves, and I feel it necessary to call the attention of the committee to the fact that all loaves concerned are pound and a half loaves. This is significant for two reasons. First of all in western Canada the pound loaf is the standard size of loaf, not a pound and a half as in eastern Canada, and therefore this should be appreciated. Secondly, there are 10-cent loaves on the market in eastern Canada which weigh only one pound.

By Mr. Lesage:

Q. Quebec?—A. And here in Ottawa, too. Therefore those are not concerned. Those are not referred to in the 10 cent loaves. Those are all pound and half loaves of bread weighing approximately, as indicated in this first case, 699 grams. I think the committee has to keep in mind that there are other 10-cent loaves of bread weighing only a pound and therefore only two-thirds of the weight of any of these samples taken.

By Mr. Harkness:

Q. How many grams are in a pound and a half, by the way?—A. Well, it is approximately 700, as you can guess from any of these figures here, but curiously enough there is a slight difference of opinion on this. A pound weighs 454·26 grams, according to most people. We have a little argument with the Americans on the decimal place. That would actually work ou to 681 grams for a pound and half. It would be about 681 grams would b accepted as a pound and a half.

Q. I was really wondering how much overweight some of these loaves ra because there is some difference. In fact, there is a difference of 50 od grams?—A. Yes.

By Mr. Thatcher:

Q. And some of them are under weight?—A. Some of them are under weight

By the Chairman:

Q. Moisture?—A. The moisture content has to be determined because, o course, it may have varied. Some of these samples were taken in Toronto an other places, and we have to reduce everything to a dry weight basis in orde

to give it a proper chemical analysis. The moisture content is then accurately determined, and the following analyses are specially labeled "Analysis on dry basis" because those are then strictly comparable. Any difference in moisutre does not enter into it.

In the next column the figure is for ash, and is obtained obviously by incinerating a weighed sample. That has some interest to bakers and millers, but comparatively little significance nutritionally at this point.

Fibre is also determined. Fibre is simply the indigestible residue that cannot be digested in the body. Those two have to be determined along with the moisture in order to get an accurate estimate of the protein and the fat which are the next two columns.

Protein, as I am sure you all know, is the nitrogen-containing part of any foodstuff which contains nitrogen, and is essentially for growth and for repair of tissue.

Fat is the next column, and on the basis of the protein analysis and the fat analysis and the fibre analysis and the ash, these four are subtracted actually from certain figures and the next column is labeled "Carbohydrate by diff."—that means "by difference", carbohydrates by difference—is obtained by taking a certain total value and subtracting the values that have been obtained in the previous four columns. Carbohydrates are extremely difficult to analyse directly as carbohydrates, but they may be analysed for by doing the other four analyses actually easier than doing it directly, and then taking the difference. The protein, fat and carbohydrates all contribute to the food energy or calories. Calories are a scientific way of measuring energy or food value, fuel value, if you want to call it that, and the calories are calculated from the three previous columns, and yield the result, as in this first example, of 401 calories.

Then there is some interest in expressing this in the way that you or I a housewife would buy a loaf of bread in other words, get it back to the loaf of bread purchased in the store. Therefore the last column has been recalculated entering the moisture content that was first observed and gives the total number of calories per loaf as it was purchased with its fat and with its moisture and anything that it happened to have. This then is a comparison of the bread on the basis that would be made at the purchase.

By the Chairman:

Q. For our purposes the last column is the one to watch?—A. Either of the last two columns give substantially the same results. They refer to calories. Scientifically we would refer to the one on the dry-weight basis, but since one is derived from the other there is no reason for disregarding one in place of the other. Either of the last two columns are the significant columns.

By Mr. Thatcher:

Q. Would these 14-cent loaves be wrapped?

Mr. PINARD: We had all that.

The CHAIRMAN: We are not going to go into this very carefully. We are getting the mere nutritional value or equation of these loaves. We are not going beyond that.

Mr. PINARD: We spent about six weeks on bread .

Mr. THATCHER: I was not on the committee.

The CHAIRMAN: The evidence is there. Let us not get into that.

By Mr. Harkness:

Q. I do not understand your last statement. Looking at the sixth one down the number of calories per loaf is 2,060, but the calory percentage, whatever it is, is only 410. Then immediately above it and below it there is 415, but the calories

per loaf are similar in each case. What is the relationship between this calory percentage and the calories per loaf, because it would look as though the loaf with 2,060 had less on a percentage basis.—A. That is quite correct. The difference is to be found in the moisture column towards the middle of the sheet. The percentage of moisture in the loaf with 2,060 calories is 25·8 per cent, and the one immediately above it is 35·9 per cent. Immediately you have in one loaf 10 per cent more water that is being obtained, and therefore the figure of 410 calories on a dry-weight basis refers to a percentage or amount, or any unit you like, of dry weight. There is more dry weight in that loaf of bread because the bread was drier. There is less moisture. Therefore you have to multiply that 410 by a larger figure because there was more actual chewing material there than in the other loaf. The final column is actually what you get out of the loaf of bread as purchased, and as the chairman has suggested is perhaps the truer representation.

Q. That is what I was getting at. The last column is the one we should refer to to compare one loaf with the other.—A. I think so.

By the Chairman:

Q. It looks as though the 10-cent loaf comes up pretty good. In fact, in one instance it is on top.—A. Not only that, but the average calory value per loaf of the 10-cent bread is slightly better than the average value of the 14-cent loaf of bread, and it is therefore a better buy. It gives you more fuel value.

By Mr. Thatcher:

Q. Even if the loaves were the same price.—A. Even if the price was the same the average is slightly better, but the price being different it is clearly better.

By Mr. Fleming:

Q. Dr. Pett, I do not understand your method of expressing percentage in the second last column. That is not percentage.—A. It is not percentage, no. Calories are units and they are calculated from the three previous columns, protein, fat and carbohydrate on a dry-weight basis, but since the three previous columns are on the basis of weight per 100 grams when you calculate the caloric units you really have calories per 100 grams, the three previous ones having been on that basis. Therefore in effect you are saying that there are, for example, in the first one on the list, 401 calories per 100 grams dry weight, but that is the amount of dry weight in the bread. Now you go back to the original loaf of bread, and it has a variable amount of moisture which has to be corrected for, and that has been done in the last column. The last column represents a mathematical calculation referred back to the original weight of the loaf which varies in each case, and the original moisture content which varies in each case. That is why those two columns do not correspond exactly because the original weight of the loaf varies slightly in each case, and the moisture content varies slightly in each case.

Q. In arriving at the average you have spoken of for the 14-cent loaf and the 10-cent loaf you just balanced those out, took one loaf from each group, did you, one loaf of each kind? There is no atttempt to weigh these at all?—A. No, no attempt.

Q. In the first group in the third line you have a loaf there with two prices.

Mr. Lesage: That was explained.

The Witness: That has been explained on the basis that our inspector stated—it might have been a clerical error—that he paid 14 cents, but subsequent investigation by the secretariat of this committee shows that bread is sold normally at 10 cents, and we are prepared to admit that it might have been a mistake in writing down the figure or in some other way.

By Mr. Fleming:

Q. You did not take that into your average?—A. Yes, that is averaged.

Q. Your average of 1,845 includes that one item, too?—A. Yes.

Q. You included that?—A. Yes.

Q. Then, down at the bottom of the page why do they not attempt to take an average with the others?—A. They are different prices, 11, 12 and 13 cents.

Q. Did you find a different quality as to those?—A. No. They come within the same range as the others. One of them was knocked down on appearance and texture, and the others were not. There is no difference in those four loaves. It happened they were a different price. There was a large group at 10 cents and another large group at 14 cents and those two were averaged to give the widest spread, and these others fall in between.

Q. I was wondering about the basis of selection of particular loaves. Did you analyze one loaf in each group or did you work out—

The CHAIRMAN: He has already explained all that. We have had all that. Let us not repeat it.

Mr. FLEMING: I am sorry, but I was not here.

The CHAIRMAN: I know, but we have had all that. We have got a big afternoon. I do not think we should repeat it.

By Mr. Pinard:

Q. Am I stating something you have said or something that comes out of your analysis when I say that the nutritional value of the 10-cent loaf is superior to the 14-cent loaf as you have experienced it? Am I correct in stating that?—A. On the basis of these figures there is a slight superiority in the 10-cent loaves over the 14-cent loaves.

Q. In nutritional value?—A. In nutritional value, in fuel value only. I hesitate to say it is superior because the difference is only 48 calories which we would not consider as very much. They are certainly equal, with a slight superiority. That is the way I would express it.

By Mr. Thatcher:

Q. Then the customer who buys the 14-cent loaf is really being taken for a ride. That is what it amounts to?—A. That is outside of my ability to say.

The CHAIRMAN: We will have to go into that.

Mr. PINARD: It would certainly appear that way.

By Mr. Maybank:

Q. You are quite satisfied, at any rate, that there is equality between the two nutritionally?—A. It is obvious there is equality in the calorie value between the two.

Q. Now, if one says to you would you say that there is equality between these two loaves nutritionally and you respond, "yes, in calory value" is that the same as simply saying "yes", or have you given an answer that is not quite responsive to the question. Is there any difference by the introduction of that phrase by you?—A. Yes, there is. Nutrition is concerned with a little bit more than calories. Nutritional value might refer to other considerations. For example, beef steak is important for its protein value. Bread is important fundamentally for its calory value. It is the mainstay particularly in poorer homes. It is not just something to fill you up with but to give you energy, what I have called fuel value necessary to do your work. That is the preeminent purpose of bread. It is the great blessing of cereals through the whole history of mankind. Therefore, nutritional value, as I have said, could cover other considerations if you wish to make it, but so far as bread is concerned I feel that most

of the important aspects of nutrition are covered when you reach the conclusion, as shown here, that the calory value is equal or even slightly superior in the 10-cent bread. That is the important point, but there is a reservation in my mind with regard to it.

Q. That is a complete answer to my question.

By Mr. Pinard:

Q. I notice you have put together appearance and texture and I also notice it appears to be satisfactory for all loaves except one, the third from the last, Canada bread, white, Steinberg's, sold at 12 cents. Why do you make a distinction? What is the distinction between fair and satisfactory?

Mr. Lesage: That has been covered.

The Chairman: Are there any other questions?

By Mr. Fleming:

Q. Is there any relationship between calory content and flavour?—A. No.

Q. In other words, a loaf that might be slightly lower in calory content might to some people have a better flavour. Is that possible?—A. It might be, but I do not think there would be any correlation between the two. The flavour will depend entirely upon the formula that is used in making the bread plus the treatment it has received, how long it is baked, what kind of oven, how it has been handled since. Flavour will not vary with the calories.

Q. We were told in the evidence that some of the bakers had improved their formula since materials became available. Your study would not enable you to make any comment on that?—A. A baker when he says he has improved his formula usually means that he has added a little more sugar, or malt or fat, which makes it a little easier to bake, first of all. He adds a little more yeast food, or a little more yeast or in some other way makes it fundamentally a little more easy to handle, makes it keep a little bit longer without getting dry, or in some other way contributes to his method of doing business. It does not affect the calories materially as this shows.

By Mr. Lesage:

Q. It does not affect the nutritional value?—A. It does not affect the nutritional value except in two cases. If he added milk to the bread in any appreciable amount that would affect the nutritional value and some of the other values besides calories, but even then it is only a bonus. It is not the important point.

Q. What about yeast?—A. No, there is an automatic limit. You cannot add more yeast and still control fermentation of the bread. That is within narrow limits. The only other thing you could add is that you might be able to alter the kind of flour you use. These are all white breads. You could use whole wheat flour or something like that.

By Mr. Thatcher:

Q. I notice there are five of the 14-cent loaves that are under weight, some of them considerably, and three of the 10-cent loaves. For instance, there is one here in the 14-cent loaves that is 648 grams. Does the department take any action when they find that a loaf sold as a pound and a half loaf is under weight? Will the Wartime Prices and Trade Board check that up? Is it not against the law to sell a pound and a half loaf under weight?—A. It is.

The Chairman: It is against provincial statute.

The Witness: It is a provincial and municipal statute, municipally enforced.

The Chairman: Must be sold at not less than 24 ounces.

The WITNESS: The department has no jurisdiction on this point at all.

Mr. THATCHER: This one is 648 grams. That is quite a bit under.

The CHAIRMAN: Any other questions?

By Mr. Harkness:

Q. I notice the first bread measured here has a fat percentage of 2·6 and the last one of the 10-cent loaves is 6·8, nearly three times as much. Does that increase in the fat first of all improve noticeably the taste or appearance of the bread, and secondly is it much of an advantage? Apart from the calorific content of the whole thing, protein, fat and carbohydrates together, is there much advantage to have a higher fat calorific content than carbohydrates, we will say, as you have analyzed one bread as compared with the other?

The CHAIRMAN: Counsel has told me that the word is not calorific. It is caloric.

The WITNESS: Both are correct. The high fat content has no particular advantage except in so far as it makes a difference, as I have just mentioned, that it is a little easier to mix the bread in the first place. It keeps a little bit better owing to the fat content.

By Mr. Harkness:

Q. It does not dry out as fast?—A. It does not dry out quite as quickly, and it will produce a finer texture, that is, a slightly smaller hole, pore size. These are points which in my personal experience the average housewife is never aware of at all except possibly staling. That would be of interest, but this spread here would just scarcely affect that. It would not be very readily noticeable. In other words, from the standpoint of the housewife I do not think that is much of a gain except calories.

Q. As I remember it the evidence we got was that some people said that the price of their bread had to go up because they were putting a great deal more fat in it now than they were during the war. That was one of the factors that was given as a reason for increasing the price. That was really why I asked what effect that difference in fat content had, both from the point of view of general appearance and flavour, and so forth, and also from the point of view of its perhaps being better to buy more fat calories for your money than carbohydrates.

Mr. IRVINE: Do we not get that from the results given here?

The WITNESS: Nutritionally I do not think it makes that much difference. I fully believe it makes a difference to the baking trade generally in conducting their business in the way I have mentioned.

By Mr. Mayhew:

Q. It helps the appearance. It will brown better and give it a better color.—A. Yes, it will change the crumb color. If the particular customers you deal with want a particular shade you can provide it.

The CHAIRMAN: Any other questions?

By Mr. Merritt:

Q. I have one question I want to ask with regard to the moisture content. There is one of these loaves, the Loblaw loaf, that has a moisture content of only 25·8, and I see that has the result of putting its final calorific value away up. Would that occur in every loaf of that batch upon which you experimented, or could that be in just that one loaf?—A. I have no way of saying whether that occurs uniformly or not. It could occur regularly because it is

possible to control exactly how much water you add to the flour, and therefore how dry your bread is going to be in the end, and it may be it does happen in various bakeries that they bake to a lower moisture content. That could be, but I have no evidence to show whether that was the case here, or whether this happened to be a loaf that was, for some reason, dried out. We, of course, would not know this figure until some weeks after the bread was taken, and it would be pretty difficult to get back and find out.

Q. Now, is it a fact that as you decrease your moisture content you increase your final calorific value of every loaf?—A. Provided your weight remains the same.

Q. And is there any scientifically known lowest limit to the moisture content?—A. Yes, there would be although it can vary within very wide limits. The long French bread is a good example of a very dry loaf. The moisture content of those long loaves may be as little as about 12 per cent. Then you can get up to the various special loaves, often specially shaped, that will have 40 per cent. Provided the final weight is a pound and a half to satisfy the provincial statute there is a very wide variation in the amount of dry matter that you can have in a loaf of bread.

Q. Would the 12 per cent moisture content loaf be a much harder loaf to bake than the higher moisture content?—A. It takes longer. You have to bake the water out of it to some extent.

Q. And of these various columns you have here, in arriving at the final column, calories per loaf, which column has the most weight in arriving at the final column?—A. I am afraid they all enter into the final column.

Q. But which one, original weight, moisture, ash, fibre, protein, fat or carbohydrate, which of those various columns has the most bearing on the final result?—A. Protein, fat and carbohydrate are the three important ones because they are what form calories. They are what provide energy in the body, so that those are the three items that are actually the most important, but they have then to be adjusted for the original weight of the loaf and moisture content of the loaf. I cannot get it any better than that.

The CHAIRMAN: Is that all?

By Mr. Fleming:

Q. Dr. Pett, you based this on the analysis of one loaf of each kind. Having regard to what you have said about the possibility of variation between different loaves even in the same batch or the same bake, do you not think your experiment would be more scientifically reliable if you had made it an experiment on a wider basis taking a few more representative loaves of each brand, perhaps of the same bake or different bakes spread over intervals. I was wondering how far it is fair to select one loaf as typical of the whole brand of which they are turning out tens of thousands each day?—A. I think that would be quite correct, sir. It would be more accurate to replicate, as we say, these results many times if you wanted to represent accurately the bread produced by any one company. But, you have here, in effect, by averaging all these different 10 cent loaves, you have the same effect as having taken eight or ten different samples of 10 cent loaves of bread. You have, in fact, by averaging these and, if you consider the average of one group of 10 cent loaves against the average of the other, you have a figure which I would accept as scientifically quite good because taking ten samples would be a good sampling job. If, however, you want to pin this figure down to one particular manufacturer, then it is not fair to do so entirely on the basis of one loaf of bread that was sampled.

Q. What you are saying, in effect, is that you are conducting your experiment with a view to comparing the relative qualities of the 10 cent loaf and the 14 cent loaf?—A. That is what we understood.

The CHAIRMAN: We were not trying to advertise a company.

By Mr. Fleming:

Q. May I finish my questions without these interruptions? Then, you say, because there were eight 10 cent loaves, that makes it fair; because there were eight of these and, in the case of the 14 cent loaf there were ten of them. Therefore, you have an average over ten which makes it fair?—A. That is right.

Q. Did I understand you to say it would not be fair to treat this as a representative report of the quality of each of the individual brands shown here?—A. It would not be fair to assume that this is necessarily representative. It might be, but we do not know.

Q. That is the point I want to make. This is going out to the public. It might be taken as a scientific determination of the relative calory content of these various brands. As I understand what you are saying, it is a basis of comparison between the 10 and 14 cent loaves?—A. That is right.

Mr. MAYHEW: Mr. Chairman, I think we should, rather than do anybody any harm in connection with this, point out that the 10 cent bread is sold in the stores and not off the wagon. The 14 cent loaf is sold off the wagon.

The CHAIRMAN: Some of the 14 cent bread is sold in the stores, too. I think Mr. Mayhew is right, the 10 cent loaf is not sold off the wagon, but the 14 cent bread is sold both off the wagon and in the stores.

Mr. MAYBANK: The 10 cent loaf is always a cash and carry proposition.

By Mr. Fleming:

Q. I wanted to ask the witness a question in connection with an analysis he made some time ago as to the food list for the Canadian family. Would you tell us something about that analysis you made?

The CHAIRMAN: We have an agenda. We did not call the witness for that purpose. We have called him on the bread question. We have arranged for the steel man to be here and we are not going to have enough time to discuss that. We can come to it later, but no now. That is not part of the agenda.

Mr. FLEMING: The witness is here.

The CHAIRMAN: We have to proceed in an orderly fashion. We have decided on this course. We only called the witness to deal with this bread question. We have decided on a course and one member of the committee should not deviate from it. We would never be able to carry on. I would ask you to ask for that information later.

Mr. FLEMING: I think it is germane to the subject of our inquiry at the moment.

The CHAIRMAN: It has nothing to do with the caloric value of the 10 cent and 14 cent loaves.

Mr. MAYBANK: It would have been germane to the inquiry to have asked about butter when Mr. Christensen was here talking about cabbages or something like that, but it would not have been a proper question at the time.

Mr. FLEMING: When will Dr. Pett come back to tell us about that? The question was raised at an earlier meeting.

The CHAIRMAN: He will be available later, in about a month's time. It could be taken up after we finish textiles, feeds and grains and fertilizers.

Mr. MAYBANK: In about ten days, wouldn't it be?

The CHAIRMAN: Let us not lose any time, we have so much to do before six o'clock.

Mr. FLEMING: I do not want to stand in the way if the committee desires to go on with other things today.

The CHAIRMAN: We had decided on an executive session.

Mr. FLEMING: I do not think a simple matter such as this should be put aside for a month.

The CHAIRMAN: We can discuss that matter at a meeting of the steering committee. We have to proceed in an orderly fashion. I recommend that to you.

We will now go into executive session.

The committee adjourned to go into executive session.

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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 52

WEDNESDAY, MAY 5, 1948

WITNESSES:

Mr. R. P. Lafleur, Head of Cold Storage Statistics, Dominion Bureau of Statistics.

Mr. W. J. Kraft, Manager of Winnipeg Division, Canada Safeway Limited, Winnipeg, Man.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

ORDER OF REFERENCE

WEDNESDAY, 5th May, 1948.

Ordered,—That the name of Mr. McGregor be substituted for that of Mr. omuth on the said Committee.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

12174—1½

MINUTES OF PROCEEDINGS

WEDNESDAY, May 5, 1948.

The Special Committee on Prices met at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Beaudoin, Harkness, Irvine, Kuhl, Lesage, Martin, McCubbin, Pinard, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. R. P. Lafleur, Head of Cold Storage Statistics, Dominion Bureau of Statistics, was called and sworn. He produced a statement on Cold Storage Holdings of Meat, and a publication of the Department of Trade and Commerce (Vol. 31, No. 4, Cold Storage Holdings of Meat and Lard, April 1, 1948), and was examined thereon.

In the course of witness' examination, Counsel filed,—

Addition to Exhibits 96 and 97—Summary of average prices of beef and pork, and statement on Inspected Slaughterings of live-stock for all Canada. *(Printed in this day's Minutes of Evidence).*

Witness retired.

Mr. W. J. Kraft, Manager of Winnipeg Division, Canada Safeway Limited, Winnipeg, Man., was called, sworn and examined. Mr. Kraft was accompanied by counsel, Mr. J. A. MacAulay, K.C., Winnipeg, Man.

At 6.00 p.m. witness retired and the Committee adjourned until Thursday, May 6, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS
May 5, 1948.

The Special Committee on Prices met this day at 4.00 p.m. The Chairman, Honourable Paul Martin, presided.

The CHAIRMAN: The members of the committee will recall that in the House today Mr. McGregor was substituted for Mr. Homuth as a member of this committee, but he could not be here today. He will be here tomorrow. He is preoccupied with something else. I wanted to say I had a note from Mrs. Homuth yesterday that Mr. Homuth, who has been very seriously ill, is making rapid progress, and regrets very much he has not been with us. I am sure we wish him a complete and quick recovery. We welcome Mr. McGregor. All right, Mr. Dyde.

Mr. DYDE: Mr. Chairman, yesterday it was suggested that we should produce as recent figures as possible of cold storage holdings of meat in Canada. I have asked Mr. Lafleur of the Dominion Bureau of Statistics to supply some figures. He is here.

Raoul Pierre Lafleur, Head of Cold Storage Statistics, Dominion Bureau of Statistics, called and sworn.

By Mr. Dyde:

Q. Would you give the committee your full name?—A. Raoul Pierre Lafleur.

Q. And your position with the Dominion Bureau of Statistics?—A. Head of cold storage statistics.

The CHAIRMAN: Louder, please.

By Mr. Dyde:

Q. And you were requested to bring before the committee figures of the cold storage holdings of meat in Canada, and this has been done by way of a document which is on a single mimeographed sheet. That is correct, is it not?—A. That is right.

Q. Have you a copy of that sheet?—A. No, I have not.

COLD STORAGE HOLDINGS OF MEAT

(millions of pounds)

—	Beef	Veal	Mutton and lamb	Pork	
				Total	Cured or in cure
(Annual figures as of Dec. 31st)					
1926	27.1	2.9	5.6	30.2	17.0
1929	23.0	3.2	8.7	28.1	14.3
1933	14.9	1.2	7.2	24.8	14.0
1937	25.3	3.2	5.3	37.3	17.3
1938	19.3	4.2	5.4	27.1	13.3
1939	29.6	4.2	6.3	44.0	23.3
1940	21.8	4.0	5.4	60.1	23.6
1941	32.0	6.2	6.8	71.3	30.7
1942	29.2	2.3	5.0	55.7	27.4
1943	35.6	5.4	9.4	84.9	39.1
1944	31.8	5.2	6.9	48.9	31.8
1945	40.8	5.3	7.8	33.1	17.4
1946	30.6	3.4	7.1	38.7	14.1
1947	42.9	6.7	9.1	57.5	21.7
(Monthly figures as of 1st of month)					
1946					
January	40.8	5.3	7.8	33.1	17.4
February	31.2	3.3	5.7	37.2	15.2
March	24.3	1.9	3.9	41.5	16.2
April	21.5	2.1	3.3	50.7	17.6
May	14.4	3.4	2.0	58.4	17.1
June	12.1	3.5	1.0	57.8	16.0
July	15.7	3.5	0.8	51.9	15.0
August	12.6	3.8	1.3	40.2	15.6
September	18.9	4.1	3.5	25.9	15.7
October	24.9	4.0	3.7	18.4	12.0
November	29.1	4.7	6.6	26.6	17.5
December	36.0	5.0	7.7	33.6	15.5
1947					
January	30.6	3.4	7.1	38.7	14.1
February	23.7	2.2	5.6	44.1	15.8
March	18.2	1.2	3.9	44.8	18.5
April	16.0	1.2	2.8	44.1	16.7
May	16.4	3.2	2.2	56.6	20.4
June	14.8	4.9	1.7	57.3	18.1
July	13.1	5.5	4.1	55.6	17.7
August	14.5	5.8	1.5	46.5	17.4
September	19.3	5.7	2.3	34.9	17.1
October	12.2	4.9	2.0	31.4	15.3
November	16.0	5.2	2.8	38.4	18.7
December	39.2	7.8	8.0	54.3	27.6
1948					
January	42.9	6.7	9.1	57.5	21.7
February	45.7	5.6	8.4	75.3	24.9
March	39.4	3.5	7.3	80.5	22.7
April	35.9	2.9	6.2	86.9	23.0

By Mr. Dyde:

Q. Would you look at that sheet. There are one or two matters on which there should be some explanation. In the first place I notice that the figures are all in millions of pounds, and that you carried the figures down to the 1st of April, 1948. All of those figures are as of the 1st of the month when it gets down towards the bottom of the page. Am I not correct?—A. That is right.

Q. So that the last figure on the page is the figure for the 1st of April, 1948. You are not able as yet, are you, to give to the committee the figures for May 1, 1948?—A. No, they are being compiled now.

Q. In the ordinary course when would they be completed?—A. About the 12th.

Q. At which time they would be available to the committee?—A. That is right.

Q. I have also asked you to bring for the information of the committee a copy of a publication entitled Cold Storage Holdings of Meat and Lard, April 1, 1948, volume 31, No. 4. I should like you to explain to the committee, if you will, please, where we will find the corresponding figure in the publication for the figure on this single sheet, namely 35·9 as of the 1st of April, 1948, in beef?—A. The centre column, page 2.

Q. That is page 2 of the publication?—A. That is right.

Q. And in the centre column, and about two-thirds of the way down the page under the heading "Beef" we find the total of beef which is 35,838,389. Mr. Lafleur, will you explain why the figures do not coincide exactly?—A. The figures in that publication are preliminary. They appear in the May 1 report as revised figures.

The CHAIRMAN: I do not think the members can hear you. I am sure Mr. Harkness finds it difficult to hear you. Speak louder, please.

By Mr. Dyde:

Q. The figure of 35,838,389 is a preliminary figure, and it has already been revised by the Dominion Bureau of Statistics and you have put the revised figure, 35·9, on the mimeographed sheet. Is that correct?—A. That is right.

Q. And then in further explanation of page 2 of the publication I note if we turn to the left hand column we find the amount of beef held in cold storage one year previous, and if we turn to the right hand column we find March 1, or the previous month's figures. That is correct, is it?—A. That is right.

Q. So that we have the revised figure for March 1, 1948. We have the estimated preliminary figure for April 1, 1948, and the revised figure for April 1, 1947?—A. That is correct.

Q. It is also apparent from page 2 that the total beef includes both fresh and frozen, cured and in cure and fancy meats?—A. That is correct.

Q. I think it might be desirable at the moment for you to explain to the committee how these returns are made up.—A. You mean how they are received?

Q. The method.—A. Inventory statements are received or obtained from packers, abattoirs, wholesale butchers, and the main warehouses of chain stores, and those reports must be mailed to reach Ottawa not later than the 6th of each month. With some of the western provinces we keep our records open a little longer than that to give the reports a chance to arrive. The figures are compiled and totals published approximately by the 12th or 13th of each month.

Q. Now, also referring to the mimeographed sheet headed cold storage holdings of meat I turn to the two columns under pork and in the first of the two columns under pork I see the word "total", and then in the second of the two columns the words "cured or in cure".—A. That is correct.

Q. And it is correct, is it, that the total column includes cured or in cure pork?—A. That is correct.

Q. And we refer to page 2 again to see the verification of the figure for April 1, 1948; is that correct?—A. That is correct.

Q. And we find there that the total pork in storage as set out in page 2 was preliminary at 85,033,553, and that you have revised that so that on your revised figure it is 86·9?—A. That is correct.

Q. Then I am correct, am I not, Mr. Lafleur, in saying that in the remaining part of the publication we have cold storage stocks as at various parts of the country, namely, page 3 is cold storage stocks at April 1 for the maritimes; page 4 for Quebec; page 5 for Ontario; page 6 for Manitoba; page 7 for Saskatchewan, and so on?—A. That is correct.

Q. Then the only other thing that perhaps we should call attention to is that on page 10 you have also set out cold storage stocks reported in selected cities, namely, Montreal, Toronto, Winnipeg, Edmonton and Vancouver?—A. That is correct.

Mr. DYDE: I have no further questions.

By the Chairman:

Q. These figures are thrown at us for the first time. Perhaps the witness can tell us what they mean. Can you describe to us generally what is the storage situation. Take pork; the total for April is 86·9. Am I right in concluding that is the greatest amount in storage since 1926?—A. I could not tell you that, sir.

Q. I am looking at the figures here. That is the greatest amount in storage since 1926, is it not?—A. That is right.

Q. There is more pork on hand now than there has been since 1926?—A. Correct.

Q. Now, take beef. The figure is 35·9 for beef in April. That is as high as any period except January of 1946 and the tail end of 1947, so that the present quantities of beef on hand now are among the highest since 1926. Is that right?—A. That is correct.

Q. What about veal? Veal is the same—no, it is not as high proportionately. It is away down, but mutton and lamb— —A. Mutton and lamb are down also.

Q. Well, they are down, but it is high compared, for instance, with October of 1947 or September or August or July or any period except January, 1947?—A. That is correct.

The CHAIRMAN: I think those are fairly significant figures.

By Mr. Thatcher:

Q. I wonder if Mr. Lafleur can tell us what amount of this great increase is by reason of the British contract? Would that be the reason?—A. We have no figures on that.

Q. You do not know that. Did the packers not say they had to store extra quantities to meet the British contract? Would that be the reason?

Mr. DYDE: They have shown on their exhibits the amount held for the meat board and other inventories.

Mr. THATCHER: If that is not the reason it would look like there is hoarding of meat.

The CHAIRMAN: I did not say there was hoarding, but I am pointing out that these figures are very significant. We ought to be told exactly what is the reason. Can Mr. Lafleur help us on that?

The WITNESS: I am afraid I cannot give you any information on that.

The CHAIRMAN: I think we should get that explanation.

Mr. THATCHER: The price is going up and more meat is being stored.

Mr. DYDE: There is perhaps one other matter that Mr. Lafleur can point out to us, Mr. Chairman. Would you compare the holdings on April 1, 1948, with the holdings as of April 1, 1947, first in beef?

The CHAIRMAN: It is away up.

By Mr. Dyde:

Q. It is more than twice as much, is it not?—A. That is right.

Q. And when you come to total pork comparing April 1, 1948, with April 1, 1947, April 1, 1948 is 86·9 and April 1, 1947 is 44·1. Is that not correct?—A. That is correct.

Q. So that as between this year and a year ago the holdings are very much higher?—A. That is right.

Q. There is another point we should clear with Mr. Lafleur. Mr. Lafleur, these returns which are compiled in these figures are made by what firms in Canada?—A. Returns from meat packers, abattoirs, wholesale butchers, and the main warehouses of chain stores.

Q. And there is no duplication of figures, is there?—A. No duplication.

Q. How is that prevented?—A. We have had an inspection service man going around checking up on these inventories periodically, and the instructions on the forms are quite clear.

The CHAIRMAN: I may be wrong, but I am trying to find the answer, and I do not see how the British contract would necessarily have anything to do with it if you compared it because the British contract has to be complied with in every month of the preceding year, and of the preceding year. Look at the totals. I presume the contract has been complied with. There is an awful jump between 44·1 in April 1947 and 86·9 in April of this year. The total of 44·1 in April, talking of pork now, was a comparable figure with the others, but now in this month it is just almost double.

Mr. THATCHER: And going up very rapidly each month.

Mr. MCCUBBIN: What is the 1st of May?

The CHAIRMAN: I do not know about the 1st of May. We have not got the 1st of May. I think we ought to get the answer to that.

Mr. IRVINE: These figures seem to be contrary to the evidence some witnesses have given here, namely, that there was inclined to be a scarcity of meat.

The CHAIRMAN: We were told that, except in pork, there was. I think that was the evidence, was it not?

Mr. PINARD: It certainly does not appear there is any scarcity of beef.

Mr. BEAUDRY: There is less than there has been since November?

The CHAIRMAN: In April, 1947, in beef it was 16·0 and now it is 35·9. It is more than twice as much.

Mr. KUHL: Is that fresh beef or frozen beef?

The WITNESS: All holdings.

By Mr. Kuhl:

Q. You do not know the proportion of fresh to frozen?—A. Yes, we have those figures on page 2.

Mr. BEAUDRY: Frozen beef represents about 50 per cent.

The CHAIRMAN: I do not know what the members of the committee feel about this but I feel this is, perhaps, the crux of the problem. It may not be, but those figures have to be explained by somebody.

Mr. LESAGE: Mr. McLean will be here tomorrow.

The CHAIRMAN: He will be able to explain Canada Packers position.

Mr. THATCHER: Unless the packers can explain why they are storing all this meat, I should think the committee would be able to direct them to disgorge some of this surplus and put it on the market, if meat is short. Perhaps it will have the effect of bringing down the price.

Mr. HARKNESS: We have had no evidence that meat is short.

The CHAIRMAN: We have had such evidence on all but pork. I think Mr. Pearsall said there was not a shortage of pork. These figures show there is quite a bit of beef.

Mr. HARKNESS: I do not think we had any actual evidence of a shortage.

Mr. PINARD: There was evidence that there was a shortage of Red Brand beef in Montreal.

Mr. IRVINE: It was quoted as the reason for the recent rise in price.

Mr. MCCUBBIN: No, they said there was a great consumer demand.

Mr. IRVINE: Turn up your evidence of the day before yesterday.

Mr. HARKNESS: It was stated that the number of steers coming in to be slaughtered was down because of weather conditions.

Mr. THATCHER: I think Mr. Pearsall said there was a shortage.

Mr. HARKNESS: I think he said there was a shortage of live cattle, not a shortage of meat.

Mr. MCCUBBIN: I was here when it was stated that the slaughtering this year, in April, was up as compared with a year ago.

Mr. DYDE: I have an additional document which I feel should go before the committee. It is to bring exhibits 96 and 97 up to date. The addition to exhibit 97 brings the inspected slaughterings up to April 24. I think I should, Mr. Chairman, put that in now because it is at least germane to our present discussion. These documents really bring the two exhibits, 96 and 97, up to date.

ADDITION TO EXHIBIT 96

SUMMARY OF AVERAGE PRICES

A—BEEF

Week ending	Toronto	Montreal	Winnipeg	Calgary	Edmonton
March 20	$ 15.50	$ 15.65	$ 15.75	$ 15.20	$ 14.35
March 27	15.40	15.60	15.46	15.25	14.40
April 3	15.50	15.20	15.73	15.23	14.45
April 10	15.65	15.45	15.75	15.71	14.60
April 17	16.02	15.90	15.98	16.21	15.70
April 24	16.67	16.45	16.60	16.36	17.00

B—PORK

Week ending	Toronto	Montreal	Winnipeg	Calgary	Edmonton
March 20	$ 28.85	$ 28.60	$ 27.10	$ 26.97	$ 26.60
March 27	28.72	28.60	27.10	26.85	26.60
April 3	28.35	28.35	27.10	26.90	26.60
April 10	27.85	28.35	27.10	27.17	26.60
April 17	28.35	28.48	27.10	27.52	26.60
April 24	28.47	28.52	27.10	27.60	26.60

ADDITION TO EXHIBIT 97

INSPECTED SLAUGHTERINGS OF LIVESTOCK FOR ALL CANADA

Week ending	Cattle		Hogs	
	1948	1947	1948	1947
March 20	25,478	21,629	115,720	94,635
March 27	20,682	20,156	104,501	67,487
April 3	21,889	16,424	112,765	87,728
April 10	22,601	21,075	101,892	95,009
April 17	24,381	22,289	105,133	93,003
April 24	24,523	24,432	85,931	101,086

The CHAIRMAN: It would appear from this the inspected slaughterings are high.

Mr. McCUBBIN: That is what I am trying to maintain, the inspected slaughterings are high and there is no shortage.

Mr. IRVINE: We are saying that there is not a shortage but evidence was given that there is.

The CHAIRMAN: We have had evidence that the price has gone up recently. We have this evidence on beef and pork in storage. Now, it certainly is of significance and it is a fact which has to be explained to us.

Mr. LESAGE: Because one of the reasons given for the increase in the price was lack of supply.

The CHAIRMAN: That is what was said. Mr. McCubbin does not think that was the evidence.

Mr. McCUBBIN: I did not say that. I did not say any such thing. I am contending that slaughterings are up. There is more cattle going to market this year than last.

The CHAIRMAN: That is what we are arguing.

Mr. HARKNESS: I do not think we have had any evidence that there is a shortage of meat. We had evidence there was a shortage, in the last two weeks, of certain cattle coming to market, particularly from western Canada.

Mr. THATCHER: I have Mr. Pearsall's evidence here, if you wish me to read it.

The CHAIRMAN: Yes.

Mr. THATCHER: This evidence will be found at page 2450 of our minutes.

> Q. Then, it is not too plentiful at the present time?—A. No in relation to demand. The fact of the matter is that the demand has increased."

The CHAIRMAN: What does he say about pork?

Mr. THATCHER: Near the bottom of the page, this statement is made:

> "I would say this; there is not likely to be any surplus beef offered above what the domestic market would absorb during the next two or three months."

He says there is plenty of pork.

The CHAIRMAN: Certainly, I believe one group of witnesses, the packers, will have to explain this situation.

Mr. McCUBBIN: This happens at this time of year. There is always a shortage of meat going to the market during the months of May and June and the packers or cold storage people put meat in storage to take care of this period when there is no livestock coming in.

The CHAIRMAN: That may be true, but look at last year and compare it with this year. There is a tremendous difference.

Mr. KUHL: How does that compare with the slaughterings for the same period?

The CHAIRMAN: You have this document before you which shows that the slaughterings are up.

Mr. HARKNESS: It is for that reason there is more meat in storage. The only point I was getting at is I do not think anybody said there is a shortage of meat.

The CHAIRMAN: A shortage of beef.

Mr. HARKNESS: Mr. Pearsall is the meat board chairman and I do not think you can interpret what he said as evidence there is a shortage of meat. He said there would not be any more than enough meat coming on the market, by which he meant live cattle coming in the market, to meet the demand. He was referring to the amount of live cattle which would be coming on the market within the next few months. That is a different matter altogether.

Mr. THATCHER: I would think if meat is being withheld from the market it is going to affect the price and, apparently, it is being withheld from the market according to this chart; that is bound to keep prices up.

Mr. HARKNESS: I do not think you can say that chart shows it is being withheld from the market. I have not heard of any place in Canada in which the people could not get meat.

The CHAIRMAN: If the law of supply and demand doesn't operate, here is a case where the price should be down.

Mr. KUHL: Down in comparison with what?

The CHAIRMAN: Down in comparison with demand, if the law of supply and demand is a governing factor in determining the market.

Mr. HARKNESS: The basis of your supply is the live cattle and the fact there is a lot of meat in storage does not mean there is a good supply of live cattle. It is the supply of live cattle which determines whether the price goes up or down, essentially. If there is an over-supply of cattle coming on the market, the packers keep paying less and less for the live cattle and the price goes down. If there are not enough live cattle coming on the market, the packers keep bidding more and more, and that is what they have done.

The CHAIRMAN: There is no doubt about the supply of live cattle. All you have to do is to look at the figures for the inspected slaughterings.

Mr. THATCHER: The supply of meat is about double what it was a year ago and, yet, the price is going up.

Mr. KUHL: There is a trend to lower the amount in storage. Beef is down every month.

The CHAIRMAN: Beef took a rise in January and went up higher in February. It has gone down on a descending scale since, but it is still more than twice what it was in April of last year.

Mr. KUHL: The slaughterings were up, too?

Mr. MCCUBBIN: Before we get into any argument on this, Mr. Chairman, we would have to know what the holdings are for the first of May.

The CHAIRMAN: But, Mr. McCubbin, the price went up in April.

Mr. THATCHER: If the slaughterings are up and the cold storage holdings are up, the price, you would think, would be down. Instead of that, the price is going up. There should be some reason.

Mr. MCCUBBIN: There must be a strong consumer demand for that to occur.

Mr. THATCHER: If that is so, why would there not be more going into the market instead of going into storage?

Mr. MCCUBBIN: Is there any shortage on the market?

Mr. THATCHER: I think there is, in beef.

Mr. HARKNESS: I do not think there is any use arguing about it. We have to get more information on it.

The CHAIRMAN: We will have a witness tomorrow who can give us an explanation. It would seem that this will have to be definitely answered and explained.

Mr. KUHL: I think they have been able to give a reasonable explanation to every other question which has been asked thus far and they will, no doubt, have one for this.

The CHAIRMAN: I know that remark of yours was intended to be constructive and I will take it as such.

Mr. DYDE: I should like to call a representative from Safeway's Stores, please.

Walter John Kraft, Division Manager, Winnipeg Division, Canada Safeway Limited, called and sworn:

The CHAIRMAN: I wonder if counsel or the members of the committee could look at that evidence of the Wilsil Company and Mr. Pearsall as to this shortage, so we will have it available tomorrow.

By Mr. Dyde:

Q. Would you give the committee your full name, please?—A. Walter John Kraft.

Q. Your address?—A. Just Winnipeg.

Q. You are an officer of Canada Safeway Limited?—A. Yes, sir I am division manager of the Winnipeg division.

Q. You have been asked to bring with you certain figures of the sales of the Winnipeg zone of Canada Safeway Limited, and those are included in the documents which you have produced, are they?—A. That is right.

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

SALES IN POUNDS AND DOLLARS, SHOWING GROSS REALIZED IN DOLLARS AND PERCENTAGE (BI-WEEKLY)

November and December, 1947

2 Week periods ending	Poundage	Dollar sales	Gross margin	Gross
	lbs.	$	$	%
December 14th/1946	355,566	109,318	17,808	16·29
December 28th/1946	407,003	129,350	19,713	15·24
January 11th/1947	344,123	113,570	17,217	15·16
January 25th/1947	380,120	114,533	19,780	17·27
February 8th/1947	341,285	120,660	20,886	17·31

October 1st 1947 to April 3rd, 1948

2 Week periods ending	Poundage	Dollar sales	Gross margin	Gross
	lbs.	$	$	%
October 4th/1947	331,848	138,562	26,036	18·79
October 18th/1947	346,152	124,296	91,863	15·98
November 1st/1947	498,915	149,983	25,932	17·29
November 15th/1947	445,470	156,341	24,483	15·66
November 29th/1947	431,049	149,797	21,166	14·13
December 13th/1947	391,936	136,778	16,796	12·28
December 27th/1947	396,410	151,728	20,923	13·79
January 10th/1948	347,160	142,273	20,217	14·28
January 24th/1948	372,717	132,080	16,259	12·31
February 7th/1948	431,918	141,517	18,949	13·39
February 21st/1948	444,692	147,852	19,723	13·34
March 6th/1948	448,445	153,466	18,232	11·88
March 20th/1948	485,358	153,934	17,841	11·59
April 3rd/1948	461,435	168,334	16,867	10·02

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

COST AND SELLING PORK LOINS, NO. 1 SLICED SIDE RINDLESS BACON, REGULAR TRIMMED HAMS (BONE IN) SHOWING GROSS MARGIN, REALIZED AT SELLING PRICE; IN CENTS PER POUND

—	Pork loins			No. 1 bacon Sliced side rindless			Regular hams		
	Cost in Cents	Lb. Sell	Gross	Cost	Sell	Gross	Cost	Sell	Gross
1946									
December 2	30.25	40.03	24.4	44.55	58	23.2	34	45	24.4
9	30.25	40.03	24.4	44.55	58	23.2	34	45	24.4
16	30.25	40.03	24.4	44.55	58	23.2	34	45	24.4
23	30.25	40.03	24.4	44.55	58	23.2	34	45	24.4
30	30.25	40.03	24.4	44.55	58	23.2	34	45	24.4
1947									
January 6	30.25	40.03	24.4	44.55	58	23.2	34	45	24.4
13	30.25	40.03	24.4	44.55	58	23.2	34	45	24.4
15	31.75	42.33	24.9	49.41	62	20.3	37.26	49	23.9
27	31.75	42.33	24.9	49.41	62	20.3	37.26	49	23.9
1947									
October and November	On account of Packers' strike no purchases made of these three items until November 17.								
November 17	34.00	43.66	22.1	54.54	66	18.7	40.50	54	24.25
1947									
December 1	32.00	43.66	26.6	55.62	66	15.7	40.50	52	22.1
8	32.50	43.66	25.4	55.62	66	15.7	40.50	52	22.1
15	32.50	43.66	25.4	55.62	66	15.7	40.50	52	22.1
22	32.50	43.66	25.4	55.62	66	15.7	40.50	52	22.1
29	32.50	43.66	25.4	55.62	66	15.7	40.50	52	22.1
1948									
January 5	32.50	43.66	25.4	67.50	78	13.4	No purchases this week		
12	38.00	46.33	17.8	67.50	78	13.4	48.06	58	17.1
19	37.50	46.33	19.06	67.50	78	13.4	48.06	58	17.1
26	39.00	46.33	15.8	66.42	78	14.8	46.98	58	19.0
1948									
February 2	39.00	46.33	15.8	66.42	78	14.8	46.98	58	19.0
9	41.00	47.68	14.01	66.42	78	14.8	45.90	58	20.8
16	42.00	47.68	11.9	66.42	76	12.6	45.90	55	16.5
23	42.00	47.68	11.9	65.88	76	13.3	45.90	55	16.5
1948									
March 1	43.00	50.67	15.1	66.42	78	14.8	45.90	55	16.5
8	43.00	50.67	15.1	66.42	78	14.8	44.82	55	18.5
15	43.00	50.67	15.1	65.34	78	16.2	45.90	55	16.5
22	43.00	50.67	15.1	65.34	78	16.2	44.82	55	18.5
29	43.00	50.67	15.1	65.34	78	16.2	44.82	53	15.4
1948									
April 5	43.00	50.67	15.1	65.34	78	16.2	44.82	55	18.5
12	43.00	52.66	18.3	65.34	78	16.2	46.44	55	15.5
19	44.00	52.66	16.0	65.34	78	16.2	46.44	54	14.0

NOTE—Pork Loins—Selling price arrived at on basis of yield, one third of loin being sold as "centre Loin cut" and two-thirds as "Butt and rib" ends.

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED GRADE BEEF—DATE DECEMBER 2, 1946

—		Forequarter—Weight 164 lbs.				Hindquarter—Weight 158 lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
		Standing rib	12 4/16	.30	3.67	Rump roast	18 11/16	.37	6.90
Weight of side Cost per lb	322 lbs. $ 0.21¾	Short ribs	6 15/16	.14	.97	Round steak	30	.38	11.40
Total cost	70.03	Chuck Roast	16 10/16	.22	3.66	Grd. Beef	7 9/16	.29	2.19
		Blade roast	18 1/16	.24	.24	Sirloin Tip	13 3/16	.40	5.28
Total Selling forequarter	30.93	Rd bone shld	14 10/16	.23	3.37	Sirloin Stk	19 1/16	.41	7.83
		Cross rib roast	23 12/16	.25	5.93	T-Bone Steak	12 15/16	.43	5.32
Total selling hindquarter	46.46	Soup bone	4 7/16	5ea.	.10	Wing steak	5	.41	2.10
		Hamburg	7 8/16	.18	1.34	Flank Steak	1 11/16	.30	.49
Total selling carcass	77.39	Ground beef	11 15/16	.29	3.46	Heel of Rnd	4 9/16	.22	1.00
		Brisket	26	2/25	3.25	Hamburg	4 4/16	.18	.76
Difference	7.36	Center shank	3 12/16	.16	.59	Soup Bone	7 9/16	10ea.	.10
		Knuckle	6 12/16	.06	.40	Fat	5 7/16	.03	.17
Gross per cent on selling	9.57%	Fat	1 13/16	.03	.04	Bones	10 10/16	....	....
		Bones	8 12/16	....	....	Flank	6 3/16	.13	.81
						Boneless shank	9 2/16	.22	2.01
		Cutting loss	13/16	....	....	Cutting loss	2/16		
Total		....	164	....	30.93	Total	158	....	46.46

(Winnipeg Zone)

CUTTING TEST ON BLUE BEEF—DATE DEC. 2, 1946

—		Forequarter—Weight 146 lbs.				Hindquarter—Weight 135 lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side Cost per lb.	281 lbs. $ 0.20¾	Prime rib	9 4/16	.30	2.78	Rump	15 10/16	.37	5.78
		Short ribs	6 4/16	.14	.88	Round steak	23 10/16	.38	8.98
Total cost	58.30	Chuck roast	17	.22	3.74	Ground beef	6 5/16	.29	2.00
		Blade roast	15 1/16	.24	3.62	Sirloin tip	12	.40	4.80
Total selling forequarter	27.54	Rd. bone sho	12 8/16	.23	2.88	Sirloin steak	11 1/16	.41	6.59
Total selling hindquarter	39.03	Cross rib	20 13/16	.25	5.20	T-Bone steak	10 14/16	.42	4.69
		Soup bone	4 3/16	.5 ea.	.10	Wing steak	4 2/16	.41	1.69
Total selling side	66.57	Brisket	24 3/16	2/25	3.01	Flank steak	1	.30	.30
		Centre shank	3 12/16	.16	.60	Flank	6	.13	.78
Difference	8.27	Knuckle	4 2/16	.06	.28	Fat	7 4/16	.03	.22
		Fat	1 2/16	.03	.04	Bones	11 6/16		
Gross percentage on selling	12.42%	Bones	8 5/16	..	..	Soup bone	5 6/16	.10 ea.	.10
		Ground beef	11 7/16	.29	3.32	Heel of rd.	4 4/16	.22	.94
		Hamburg	6 1/16	.18	1.09	Hamburg	4 8/16	.18	.81
		Cutting loss	15/16			Boneless shank	6 2/16	.22	1.35
						Cutting loss	8/16		
Total			146		27.54		135		39.03

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED BEEF—DATE JANUARY 15, 1947

—		Forequarter—Weight $163\frac{1}{2}$ lbs. Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Hindquarter—Weight $150\frac{1}{2}$ lbs. Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	314 lbs.	Prime rib	9 10/16	.30	2.89	Rump	18 13/16	.37	6.96
Cost per lb	$\$ 0.21\frac{3}{4}$	Short ribs	16 11/16	.14	2.34	Round steak	22 7/16	.38	8.53
Total cost	68.29	Chuck roast	5 11/16	.22	1.25	Ground beef	15 8/16	.29	4.50
Total selling forequarter	29.51	Blade roast	20 2/16	.24	4.83	Sirloin tip	13 11/16	.40	5.48
		Round bone sho	14 3/16	.23	3.27	Sirloin steak	17 10/16	.41	7.23
		Cross rib	13	.24	3.12	T-bone steak	12 14/16	.43	5.53
Total selling hindquarter	43.55	Soup bone	2 2/16	5 ea.	.05	Wing steak	5	.41	2.05
		Brisket	23 12/16	2/25	2.97	Flank steak	1 13/16	.30	.53
Total selling side	73.06	Centre shank	3 15/16	.16	.63	Flank	9 15/16	.13	1.29
		Knuckle	5 15/16	.06	.36	Fat	10 1/16	.03	.30
Difference	4.77	Fat	4	.03	.12	Bones	12 13/16		
Gross per cent on selling	6.52%	Bones	12	....	....	Soup bone	5 7/16	.10ea.	.10
		Ground beef	19 3/16	.29	4.57	Heel of rd	4 12/16	.22	1.05
		5th, 6th and 7th rib	12 6/16	.25	3.11				
		Cutting loss	14/16	....	....	Cutting loss	6/16		
Total		....	163 8/16	....	29.51	Total	....	....	43.55

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON BLUE BEEF—DATE JAN. 15, 1947

—		Forequarter—Weight 127½ lbs.					Hindquarter—Weight 116½ lbs.		
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side Cost per lb.	244 lbs. $ 0.20¾	Prime ribs	6 5/16	.30	1.89	Rump	13 5/16	.37	4.91
Total cost	50.63	Short ribs	13 4/16	.14	1.86	Round steak	19 5/16	.38	7.33
Total selling forequarter	23.99	**Chuck roast**	6 12/16	.22	1.49	**Ground beef**	10 2/16	.29	2.94
		Blade roast	14 6/16	.24	3.45	Sirloin tip	11 12/16	.40	4.70
Total selling hindquarter	33.54	Round bone shoulder	11 11/16	.23	2.70	**Sirloin steak**	12	.41	4.92
		Cross rib	8 8/16	.24	2.04	T-Bone steak	8 14/16	.43	3.82
Total selling side	57.53	Soup bone	1 12/16	5 ea.	.05	**Wing steak**	5	.41	2.05
		Brisket	19 8/16	2/25	2.44	**Flank steak**	12/16	.30	.23
Difference	6.90	Centre shank	2 11/16	.16	.43	Flank	9 6/16	.13	1.23
		Knuckle	4 8/16	.06	.27	Fat	5 6/16	.03	.16
Gross percentage on selling	11.99%	Fat	3 4/16	.03	.10	Bones	10 2/16		
		Bones	7 11/16	..	..	Soup bone	4 7/16	10 ea.	.10
		Ground beef	17 3/16	.29	4.99	Heel of Round	5 3/16	.22	1.15
		5-6 and 7 Rib	9 2/16	.25	2.28				
		Cutting loss	5/16			Cutting loss	14/16		
Total			127 8/16		23.99	Total	116 8/16		33.54

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED BEEF—DATE: OCTOBER 20, 1947

—		Forequarter—Weight 147 lbs.				Cut	Hindquarter—Weight 135 lbs.		
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value		Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	282 lbs.	Prime rib	10	.35	3.50	Rump	15 12/16	.42	6.61
Cost per lb.	$ $0.23\frac{3}{4}$	Short ribs	13 4/16	.17	2.25	Round steak	23 4/16	.42	9.77
Total cost	66.98	Chuck roast	8 10/16	.26	2.24	Ground beef	12 12/16	.33	4.21
		Blade roast	24 10/16	.29	7.14	Sirloin tip	14 2/16	.47	6.64
Total selling forequarter	34.07	Round bone sho	13 12/16	.26	3.58	Sirloin steak	14 12/16	.48	7.08
		Cross rib	17	.29	4.93	T-bone steak	13	.54	7.02
Total selling hindquarter	47.09	Soup bone	2 10/16	5ea.	.13	Wing steak	4 7/16	.51	2.26
		Brisket	32 7/16	.17	3.98	Flank steak	1 6/16	.35	.48
Total selling side	81.16	Centre shank	3 14/16	.21	.81	Flank steak	10 5/16	.17	1.75
		Knuckle	5 15/16	.12	.71	Fat	4 12/16	.04	.19
Difference	14.18	Fat	2	.04	.08	Bones	9 14/16		
		Bones	7 6/16	....	....	Soup bone	5 13/16	10ea.	.10
Gross per cent on selling	17.47%	Ground beef	14 5/16	.33	4.72	Heel of rd	3 15/16	.25	.98
		Cutting loss	3/16	....	....	Cutting loss	14/16		
Total		....	147	....	34.07	Total	135	....	47.09

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON BLUE BEEF—DATE OCTOBER 28, 1947

—		Forequarter—Weight 127½ lbs.				Hindquarter—Weight 116½ lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side Cost per lb.	244 lbs. $ 0.22¾	Prime Rib	6 5/16	.35	2.21	Rump	13 5/16	.42	5.58
Total cost	55.51	Short ribs	13 4/16	.17	2.25	Round steak	19 5/16	.42	8.11
		Chuck roast	6 12/16	.26	1.74	Ground beef	10 2/16	.33	3.34
Total selling forequarter	28.89	Blade roast	14 6/16	.29	4.17	Sirloin tip	11 12/16	.47	5.53
		Round bone shoulder	11 11/16	.26	3.03	Sirloin steak	12	.48	5.76
Total selling hindquarter	39.08	Cross Rib	8 8/16	.29	2.47	T-Bone steak	8 14/16	.54	4.75
		Soup bone	1 12/16	5 ea.	.05	Wing steak	5	.51	2.55
Total selling side	67.97	Brisket	19 8/16	.17	3.42	Flank steak	12/16	.35	.27
Difference	12.46	Centre shank	2 11/16	.21	.57	Flank	9 6/16	.17	1.59
Gross percentage on selling	18.33%	Knuckle	4 8/16	.12	.54	Fat	5 6/16	.04	.21
		Fat	3 4/16	.04	.13	Bones	10 2/16		
		Bones	7 11/16			Soup bone	4 7/16	10 ea.	.10
		Ground beef	17 3/16	.33	5.67	Heel of Round	5 3/16	.25	1.29
		5, 6, 7 rib	9 2/16	.29	2.64				
		Cutting loss	5/16			Cutting loss	14/16		
Total			127 8/16		28.89		116 8/16		39.08

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED BEEF—DATE: NOVEMBER 13, 1947

—		Forequarter—Weight 163½ lbs.				Hindquarter—Weight 150½ lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	314 lbs.	Prime rib	9 10/16	.34	3.27	Rump	18 13/16	.39	7.44
Cost per lb	$ 0.23	Short ribs	16 11/16	.17	2.34	Round steak	22 7/16	.42	9.43
		Chuck roast	5 11/16	.25	1.41	Ground beef	15 8/16	.35	5.43
Total cost	72.22	Blade roast	20 2/16	.28	5.63	Sirloin tip	13 11/16	.45	6.16
Total selling forequarter	36.19	Round bone shoulder	14 3/16	.26	3.69	Sirloin steak	17 10/16	.44	7.76
		Cross rib	13	.29	3.77	T-bone steak	12 14/16	.49	6.31
Total selling hindquarter	48.83	Soup bone	2 2/16	5ea.	.05	Wing steak	5	.47	2.35
		Brisket	23 12/16	.16	3.80	Flank steak	1 13/16	.35	.64
Total selling side	85.02	Centre shank	3 15/16	.21	.82	Flank	9 15/16	.17	1.69
		Knuckle	5 15/16	.10	.60	Fat	10 1/16	.03	.30
Difference	13.80	Fat	4	.03	.12	Bones	12 3/16		
		Bones	12	....	....	Soup bone	5 7/16	10ea.	.10
Gross per cent on selling	16.23%	Ground beef	19 3/16	.35	6.72	Heel of round	4 12/16	.26	1.22
		6th and 7th rib	12 6/16	.28	3.47				
		Cutting loss	14/16	....	....	Cutting loss	6/16		
Total		....	163 8/16	....	36.19	....	150 8/16	....	48.83

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON BLUE BEEF—DATE NOVEMBER 13, 1947

—		Forequarter—Weight 146 lbs.					Hindquarter—Weight 135 lbs.		
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of Side	221 lbs.	**Standing rib**	9 4/16	.34	3.15	Rump	15 10/16	.39	6.09
Cost per lb.	$ 0.22	**Short ribs**	6 4/16	.17	1.06	Round steak	23 10/16	.42	9.92
		Chuck roast	17	.25	4.25	Wing steak	4 2/16	.47	1.94
Total cost	61.82	Blade roast	15 1/16	.28	4.22	T-Bone steak	10 14/16	.49	5.32
		Round bone shoulder	12 8/16	.26	3.25	Sirloin tip	12	.45	5.40
Total selling forequarter	32.44	Cross rib	20 13/16	.29	6.03	Sirloin steak	16 1/16	.44	7.07
		Brisket	24 3/16	.16	3.87	Heel of round	4 4/16	.26	1.10
Total selling hindquarter	42.91	Centre shank	3 12/16	.21	.79	Boneless shank	6 2/16	.26	1.59
		Knuckle	4 2/16	.10	.41	Ground beef	6 5/16	.35	2.19
Total selling side	75.35	**Soup bone**	4 3/16	5 ea.	.10	Hamburg	4 8/16	.21	.95
		Ground beef	11 7/16	.35	4.00	Flank	6	.17	1.02
Difference	13.53	Hamburg	6 1/16	.21	1.27	Soup bones	5 6/16	10 ea.	.10
		Fat	1 2/16	.03	.04	Fat	7 4/16	.03	.22
Gross percentage on selling	17.95%	Bones	8 5/16			Bones	11 6/16		
		Cutting loss	1 15/16			Cutting loss	1 8/16		
Total			146		32.44	Total	135		42.91

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED BEEF—DATE: DECEMBER 29, 1947

—		Forequarter—Weight 152 lbs.				Hindquarter—Weight 130 lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	282 lbs.	Prime rib	11 2/16	.34	3.78	Rump	14 4/16	.39	5.56
Cost per lb.	$ 0.24½	Short ribs	15 5/16	.17	2.60	Round steak	20 13/16	.42	8.73
Total cost	69.09	Chuck roast	8 11/16	.25	2.17	Ground beef	10 8/16	.35	3.68
		Blade roast	24 6/16	.27	6.57	Sirloin tip	13 6/16	.45	6.02
Total selling forequarter	33.48	Round bone shoulder	13 5/16	.26	3.47	Sirloin steak	13 6/16	.43	5.74
		Cross rib	15 15/16	.29	4.64	T-bone steak	13 10/16	.43	5.86
Total selling hindquarter	41.38	Soup bone	1 15/16	5ea.	.05	Wing steak	3 13/16	.43	1.67
		Brisket	24 13/16	.16	3.97	Flank steak	1 5/16	.35	.46
Total selling carcass	74.86	Centre shank	3 11/16	.21	.79	Flank	13 10/16	.17	2.32
		Knuckle	5 1/16	.10	.51	Fat	8 9/16	.04	.34
Difference	5.77	Fat	4 12/16	.04	.19	Bones	7 8/16		
		Bones	9 2/16	....	....	Soup bone	4 3/16	10ea.	.10
Gross per cent on selling	7,70%	Ground beef	13 9/16	.35	4.74	Heel of rd	3 7/16	.26	.90
		Cutting loss	5/16	....	....	Cutting loss	1 10/16		
Total		....	152	....	33.48	Total	130	....	41.38

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

Cutting Test on Blue Beef—Date December 29, 1947

—		Forequarter—Weight 150 lbs.				Hindquarter—Weight 138 lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	288 lbs.	Prime rib	10 4/16	.34	3.48	Rump	16	.39	6.24
Cost per lb	$ 0.23	Short ribs	13 8/16	.17	2.30	Round steak	23 8/16	.42	9.87
Total cost	66.24	Chuck roast	8 14/16	.25	2.22	Ground beef	13	.35	4.55
		Blade roast	24 14/16	.27	6.71	Sirloin tip	14 6/16	.45	6.46
Total selling forequarter	33.83	Round bone shoulder	13 15/16	.26	3.62	Sirloin steak	14 15/16	.43	6.22
		Cross rib	17 3/16	.29	4.99	T-Bone steak	13 3/16	.43	5.66
Total selling hindquarter	44.64	Soup bone	2 13/16	5 ea.	.05	Wing steak	4 11/16	.43	2.00
		Brisket	23 10/16	.16	3.78	Flank steak	1 9/16	.35	.53
Total selling carcass	78.47	Centre shank	4 1/16	.21	.85	Flank	10 4/16	.17	1.74
		Knuckle	6 2/16	.10	.62	Fat	4 15/16	.04	.20
Difference	12.23	Fat	2 5/16	.04	.09	Bones	10 1/16		
Gross percentage on selling	**15·5%**	**Bones**	**7 9/16**			Soup bone	6	10 ea.	.10
		Brd. beef	**14 11/16**	.35	5.12	Heel of rd	4 2/16	.26	1.07
		Cutting loss	3/16			Cutting loss	1 6/16		
Total			150		33.83	Total	138		44.64

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED BEEF—DATE: JANUARY 13, 1948

—		Forequarter—Weight 123 lbs.				Cut	Hindquarter—Weight 126 lbs.		
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value		Weight in lbs.	Selling price per lb.	Total selling price value
Weight of Side	249 lbs.	Prime rib	8 4/16	.35	2.86	Rump	11 12/16	.42	4.93
Cost per lb	$ 0.27	Short ribs	7 4/16	.17	1.23	Round steak	22 8/16	.42	9.45
Total cost	67.23	Chuck roast	12 1/16	.25	3.02	Ground beef	12 15/16	.38	4.91
Total selling forequarter	28.35	Blade roast	17 3/16	.27	4.64	Sirloin tip	10 7/16	.48	5.01
		Round bone shoulder	9 7/16	.25	2.36	Sirloin steak	14 15/16	.46	6.87
Total selling hindquarter	45.23	Soup bone	2 8/16	5c. ea.	.13	Wing steak	6 4/16	.47	2.89
		Brisket	19 14/16	.17	3.38	Flank steak	1 7/16	.35	.50
Total selling side	73.58	Centre shank	3 12/16	.23	.86	Flank	9 6/16	.17	1.59
		Knuckle	6 7/16	.13	.84	Fat	4 10/16	.04	.26
Difference	6.35	Fat	3 11/16	.04	.15	Bones	6 8/16		
		Bones	6 11/16	....	....	Soup bone	5 15/16	.10	.59
Gross per cent on selling	8.63%	Ground beef	13 4/16	.38	5.04	Heel of round	3 13/16	.27	1.03
		Cross rib	12	.32	3.84	T-bone steak	14 11/16	.49	7.20
		Cutting loss	10/16	....	....	Cutting loss	13/16		
Total		....	123	....	28.35	Total	126	....	45.23

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON BLUE BEEF—DATE JANUARY 13, 1948

—		Forequarter—Weight 125¼ lbs. Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Hindquarter—Weight 122 lbs. Weight in lbs.	Selling price per lb.	Total selling price value
HEIFER									
Weight of side Cost per lb.	247¼ lbs. $ 0.26	Prime rib	9 5/16	.35	3.44	Rump	15	.42	6.30
		Short rib	12 4/16	.18	3.82	Round steak	17 4/16	.45	7.76
Total cost	64 29	Chuck roast	6 15/16	.25	1.73	Ground beef	8 6/16	.38	3.18
		Blade roast	22 1/16	.31	6.83	Sirloin tip	11 5/16	.48	5.43
Total selling forequarter	31.63	Round bone shoulder	8 8/16	.27	2.29	Sirloin steak	13 7116	.46	6.18
		Cross rib	11 9 16	.30	3.46	T-Bone steak	10 4/16	.55	5.63
Total selling hindquarter	40.64	Soup bone	1 15/16	.05 ea	.05	Wing steak	4 5, 16	.52	2.24
		Hamburg				**Flank steak**	**1 2/16**	**.35**	**.39**
Total selling carcass	72.27	Brisket	21 14 16	.17	3.71	Flank	12 8/16	.17	2.12
Difference	7.98	Centre shank	2 14/16	.23	.66	Fat	9 10, 16	.05	.48
		Knuckle	4 3, 16	.13	.54	Bones	9 2/16		
Gross percentage on selling	11 04%	Fat	4 4 16	.05	.21	Soup bone	4 9/16	.10 ea	.10
		Bones	6 8, 16			Heel of round	3 3/16	.26	.83
		Ground beef	**12 14/16**	**.38**	**4.89**				
		Cutting loss	2/16			Cutting loss	1 15, 16		
Total			125¼		31 63	Total	122		40 64

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED BEEF—DATE: FEBRUARY 10, 1948

—		Forequarter—Weight 163½ lbs.				Hindquarter—Weight 150½ lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of Side	314 lbs.	Prime rib*n*	9 10/16	.35	3.38	Rump	18 13/16	.39	7.34
Cost per lb.	0.26	Short ribs	16 11/16	.18	3.01	Round steak	22 7/16	.42	9.43
Total cost	81.64	Chuck roast	5 11/16	.25	1.41	Ground beef	15 8/16	.38	5.89
Total selling forequarter	37.02	Blade roast	20 2/16	.26	5.23	Sirloin tip	13 11/16	.48	6.57
		Rd. bone shoulder	14 3/16	.26	3.69	Sirloin steak	17 10/16	.46	8.12
Total selling hindquarter	49.85	Cross rib	13	.30	3.90	T-bone steak	12 14/16	.47	6.05
		Soup bone	2 2/16	5ea.	.05	Wing steak	5	.47	2.35
Total selling side	86.87	Brisket	23 12/16	.16	3.80	Flank	1 13/16	.35	.64
		Centre shank	3 15/16	.25	.98	Flank	9 15/16	.17	1.69
Difference	5.23	Knuckle	5 15/16	.15	.89	Fat	10 1/16	.04	.40
Gross per cent on selling	6.11%	Fat	4	.04	.16	Bones	12 3/16		
		Bones	12	....	....	Soup bone	5 7/16	10ea.	.10
		Ground beef	19 3/16	.38	7.30	Heel of round	4 12/16	.27	1.27
		6th and 7th rib	12 6/16	.26	3.22				
		Cutting loss	14/16	....	....	Cutting loss	6/16		
Total		....	163 8/16	....	37.02	....	150 8/16	....	49.85

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON BLUE BEEF—DATE FEBRUARY 10, 1948

—		Forequarter—Weight 115 lbs.				Cut	Hindquarter—Weight 110 lbs.		
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value		Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side Cost per lb.	225 lbs. $ 0.24¼	Prime rib	7/13/16	.35	2.73	Rump	13 14/16	.39	5.41
Total cost	55.13	Short ribs	9 2/16	.18	1.64	Round steak	18 4/16	.42	7.66
Total selling forequarter	27.61	Chuck roast	6 9/16	.25	1.64	Ground beef	9 13/16	.38	3.72
Total selling hindquarter	36.67	Bland roast	18 1/16	.32	5.78	Sirloin tip	10 6/16	.48	4.98
		Round bone shoulder	10 1/16	.27	2.72	Sirloin steak	10 10/16	.46	4.88
Total selling carcass	64.28	Cross rib	11 7/16	.30	3.43	T-Bone steak	10 15/16	.49	5.36
		Soup bone	2 1/16	.05ea.	.05	Wing steak	3 9/16	.47	1.67
Difference	9.15	Brisket	18 4/16	.17	3.10	Flank steak	15/16	.35	.33
		Centre shank	3 1/16	.25	.77	Flank	8 15/16	.17	1.52
Gross percentage on selling	14·23%	Knuckle	4 2/16	.15	.62	Fat	6 14/16	.04	.28
		Fat	2 14/16	.04	.12	Bones	7 13/16	.10ea.	.10
		Bones	6 15/16			Soup bone	3 7/16		
		Ground beef	13 3/16	.38	5.01	Heel of rd	2 13/16	.27	.76
		Cutting loss	1 7/16			Cutting loss	1 12/16		
Total			115		27.61	Total 110			36.67

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED BEEF—DATE MARCH 24, 1948

—		Forequarter—Weight 163½ lbs. Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Hindquarter—Weight 150½ lbs Weight in lbs.	Selling price per lb.	Total selling price value
		Prime Rib	9 10/16	.37	3.56	Rump	18 13/16	.42	7.91
Weight of side Cost per lb	314 lbs. $0.27	Short Ribs	16 11/16	.20	3.33	Rd. Steak	22 7/16	.43	9.05
		Chuck Roast	5 11/16	.26	1.49	Grd. Beef	15 8/16	.38	5.89
Total cost	84.78	Blade Roast	20 2/16	.30	6.04	Sir. Tip	13 11/16	.49	6.70
Total Selling Forequarter	39.87	Rd Bone Sho	14 3/16	.29	4.13	Sir. Steak	17 10/16	.48	8.46
		Cross Rib	13	.32	4.16	T-Bone Steak	12 14/16	.50	6.42
Total Selling Hindquarter	51.17	Soup Bone	2 2/16	5 ea.	0.05	Wing Steak	5	.49	2.45
		Brisket	23 12/16	.18	4.26	Flank Steak	1 13/16	.35	.63
Total Selling Side	91.04	Centre Shank	3 15/16	.23	.90	Flank	9 15/16	.18	1.79
		Knickle	5 15/16	.13	.77	Fat	10 1/16	.04	.40
Difference	6.26	Fat	4	.04	.16	Bones	12 3/16	....	....
		Bones	12	....	....	Soup Bone	5 7/16	10 ea.	.10
Gross per cent on Selling	6.87%	Grd. Beef	19 3/16	.38	7.30	Heel of Rd	4 12/16	.29	1.37
		5-6-7 Rib	12 6/16	.30	3.72				
		Cuttin Loss	14/16	....	....	Cutting Loss	6/16	....	....
Total	....	....	163 8/16	....	39.87	Total	150 8/16	....	51.17

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON BLUE BEEF—DATE: MARCH 24, 1948

—		Forequarter—Weight 127½ lbs.				Hindquarter—Weight 116½ lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	244 lb.	Prime rib	6 15/16	.37	2.57	Rump	13 5/16	.42	5.58
Cost per lb.	0.26	Short ribs	13 4/16	.20	2.65	Round steak	19 5/16	.43	8.30
Total cost	$ 63.44	Chuck roast	6 12/16	.26	1.75	Groond beef	10 2/16	.38	3.85
Total selling		Blade roast	14 6/16	.30	4.31	Sirloin tip	11 12/16	.49	5.76
Forequarter	31.57	Round bone shoulder	11 11/16	.29	3.39	Sirloin steak	12	.48	5.76
		Cross rib	8 8/16	.32	2.72	T-bone steak	8 14/16	.50	4.44
Hindquarter	39.91	Soup bone	1 12/16	5ea.	.05	Wing steak	5	.49	2.45
		Brisket	19 8/16	.18	3.51	Flank steak	12/16	.35	.26
Total selling side	71.48	Centre shank	2 11/16	.23	.63	Flank	9 6/16	.18	1.69
Difference	8.04	Knuckle	4 8/16	.13	.59	Fat	5 6/16	.04	.22
Gross per cent on selling	11.24%	Fat	3 4/16	.04	.13	Bones	10 2/16	...	..
		Bones	7 11/16			Soup bone	4 7/16	10ea.	.10
		Ground beef	17 3/16	.38	6.53	Heel of round	5 3/16	.29	1.50
		5th, 6th and 7th rib	9 2/16	.30	2.74				
		Cutting loss	5/16			Cutting loss	14/16		
Total			127 8/16		31.57		116 8/16		39.91

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON SIDE RED STEER—DATE APRIL 16, 1948

—		Front quarter—Weight 163½ lbs. Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Hindquarter—Weight 150½ lbs. Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	314 lbs.	Standing rib	9 10/16	.37	3.56	Rd roast 1st cut	8 7/16	.39	3.29
Cost of side	0.27½c lb.	Short ribs	16 11/16	.20	3.33	Rd roast rd cut	10 6/16	.42	4.36
Total cost	$ 85.35	Chuck roast	5 11/16	.27	1.55	Round steak	22 7/16	.45	10.10
Total selling frontquarter	40.01	Blade roast	20 2/16	.30	6.04	Sirloin tip roast	13 11/16	.49	6.70
Total selling hindquarter	52.28	Rd bone sh. rst	14 3/16	.29	4.13	Sirloin steak	17 10/16	.48	8.46
		Cross rib roast	13	.32	4.16	T-Bone steak	12 14/16	.52	6.69
Total selling side	92.29	Soup bone	2 2/16	.5 ea.	.05	Wing steak	5	.50	2.50
		Brisket	23 12/16	.18	4.26	Flank steak	1 13/16	.35	.63
Difference	6.94	Centre shank	3 15/16	.25	.98	Flank trimmed	9 15/16	.18	1.79
Gross percentage on selling	7·54%	Knuckle	5 15/16	.13	.77	Heel of round	4 12/16	.29	1.37
		Ground beef	19 3/16	.38	7.30	Ground beef	15 8/16	.38	5.89
		Fat	4	.4	.16	Soup bone	5 7/16	.10ea.	.10
		Bones	12			Fat	10 1/16	.04	.40
		6th and 7th rib	12 6/16	.30	3.72	Bones	12 3/16		
		Cutting loss	14/16				6/16		
Total			163 8/16		40.01		150 8/16		56.28

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON SIDE BLUE STEER—DATE APRIL 16, 1948

—		Frontquarter—Weight 127½ lbs.				Hindquarter—Weight 116½ lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of Side	**244 lbs.**								
Cost of Side	$ 0.26¼	Standing Ribs	6 15/16	.37	2.57	Ramp Rst 1st	5 14/16	.39	2.29
Total Cost	**64.66**								
Total selling Frontquarter	31.68	Short Ribs	13 4/16	.20	2.65	Rump Rst rd cut	7 7/16	.42	3.12
		Chuck Roast	6 12/16	.27	1.82	Round Steak	19 5/16	.45	8.69
		Blade Roast	14 6/16	.30	4.31	Sirl. Tip Rst	11 12/16	.49	5.76
Total Selling Hindquarter	40.36	Rd Bone Sh. Rst	11 11/16	.29	3.39	Sirloin Steak	12	.48	5.76
		Soup Bone	1 12/16	5ea.	.05	T-Bone Steak	8 14/16	.52	4.62
Total Selling Side	72.04	Brisket	19 8/18	.18	3.51	Wing Steak	5	.50	2.50
Difference	7.38	Centre Shank	2 11/16	.25	.67	Flank Steak	12/16	.35	.26
		Knuckle	4 8/16	.13	.59	Flank Trimmed	9 6/16	.18	1.69
Gross per cent on selling	10.24	Ground Beef	17 3/16	.38	6.53	Heel of Round	5 3/16	.29	1.50
		Fat	3 4/16	.04	.13	Ground Beef	10 2/16	.38	3.85
		Bones	7 11/16	.....	.....	Soup Bone	4 7/16	10ea.	.10
		5-6-7 Rib	9 2/16	.30	2.74	Fat	5 6/16	.04	.22
		Gross Rib	8 8/16	.32	2.72	Bones	10 2/16		..
		Cutting loss	5/16	....	..	.....	14/16		....
Total			127 8/16	.....	31.68	.....	116 8/16		40.36

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED GRADE BEEF

—	2 Dec. 1946	20 Oct. 1947	29 Dec. 1947	13 Jan. 1948	24 Mar. 1948	16 Apr. 1948
Selling Prices—	cts.	cts.	cts.	cts.	cts.	cts.
Sirloin Steak	41	48	43	46	48	48
Rib roast	30	35	34	35	37	37
Hamburg	18	....	....	....	....	....
Ground beef	29	33	35	38	38	38
Brisket	12·5	17	16	17	18	18
Average—						
Average selling price per lb. of carcass weight	24.03	28.78	26.55	29.55	30.86	29.39
Cost per lb.	21.75	23.75	24.50	27.00	27.00	27.50
Gross margin	2.28	5.03	2.05	2.55	3.86	1.89
Per cent Gross margin to selling price	9·6	17·5	7·7	8·6	12·5	7·5

CUTTING TEST ON BLUE GRADE BEEF

—	29 Dec. 1947	13 Jan. 1948	10 Feb. 1948	16 Apr. 1948
	cts.	cts.	cts.	cts.
Selling Prices—				
Sirloin Steak	43	46	46	48
Rib Roast	34	37	35	37
Ground Beef	35	38	38	38
Brisket	16	17	17	18
Average—				
Average selling price per lb. of carcass weight	27.25	29.23	28.75	29.52
Cost per lb.	23.00	26.00	24.50	26.50
Gross margin	4.25	3.23	4.07	3.02
Per cent Gross margin to selling price	15·5	11·0	14·2	10·2

By Mr. Dyde:

Q. I am now referring, gentlemen, to the small sized brief, the one which contains many pages. I believe you can add some figures to this page, Mr. Kraft, which will assist us in understanding the figures which are there. I note that you have quoted these figures in two-week periods, with each date at the left hand side of the page representing the end of the two-week period; that is correct, is it not?—A. That is right.

Q. Then, in your next column, you have the poundage which is the poundage of sales that you made in that period, that is correct, is it not?—A. That is right.

Q. And this column is the dollar value of sales?—A. Yes.

Q. Now, could you insert in the gap there the average selling price per pound?—A. Yes sir—30·7 cents—

Q. 30·7 cents is for December 14, 1946?—A. That is right.

Q. Yes.—A. For December 28, 31·7; for January 11, 33; for January 25, 30·01; for February 8, 35·3; for October 4, 41·7; for October 18, 35·9; for November 1, 30; for November 15, 35; November 29, 34·7; December 13, 34·9; December 27, 38·2; January 10, 40·9; January 24, 35·4; February 7, 32·7; February 21, 33·2; March 6, 34·2; March 20, 31·7; and April 3, 36·5.

Q. Then in the next column you have shown the gross margin in dollars, and in the next column the gross margin as a percentage of sales; I suppose that is it, Mr. Kraft, is it not?—A. That is right.

Q. And can you add for us in the right-hand side of the page the gross translated into cents per pound so that we can take it down?—A. Yes sir. December 14, ·052; December 28, ·048; January 11, ·05; January 25, ·052; February 8, ·062; October 4, ·078; October 18, ·057; November 1, ·052; November 15, ·055; November 29, ·049; December 14, ·042; December 27, ·053; January 10, ·058; January 24, ·043; February 7, ·043; February 21, ·044; March 6, ·04; March 20, ·036; April 3, ·036.

Q. Since the period of decontrol I am correct I think in saying that the highest figure was opposite January 10, when it was ·058. I think that is correct, is it not?—A. That is correct, yes.

Q. Something less than 6 cents?—A. Yes.

Q. Now, your figures have been carried up to April 3, 1948, and when these figures were made out that was as close as you could approach as being current. I suppose it would be impossible for you to say what your figure would be down to the later date; is that there?—A. I haven't that figure now.

The CHAIRMAN: The question was, it would be impossible to give that?

By Mr. Dyde:

Q. To date—that would be impossible?—A. It would be impossible today to give that figure.

Mr. DYDE: I was going to leave that page, gentlemen, for the time being.

Mr. LESAGE: But for the time being only?

Mr. DYDE: Yes. If you have any questions on this page I think possibly now would be the appropriate time to ask them.

By Mr. Lesage:

Q. What is your method of pricing?—A. We price all commodities on a basis that would show us a reasonable return at selling price over our costs.

Q. What is your percentage on meat? What is your percentage on meat, your per cent of margin mark-up on meat that you would consider reasonable?—A. 16 to 18 per cent.

Q. 16 to 18 per cent at present prices?—A. No, as at April 16 or 17. The margin in percentage we would feel it fair to realize would depend on the cost, the prices we have to pay for meat supplies.

Mr. THATCHER: But your percentage would be the same?

The WITNESS: No sir.

Mr. LESAGE: It would not?

The WITNESS: No. The higher the cost of the meat the lower could be the percentage and would be the percentage on over-all gross.

By Mr. Lesage:

Q. So that your method of pricing is on a percentage basis?—A. It is based on percentage.

Q. It is not fixed?—A. No, sir.

Q. So, would it be fair to say that it is rather—your method of pricing is rather based on the margin that you could obtain in cents, as you have indicated just now?—A. Yes. If the cost of meat was the only thing to consider, but certain other operating costs enter into the cost of the raw material itself. Other costs might also increase as they increase.

Q. Have they increased over the last two or three months?—A. There have been some increases.

Q. In what departments?—A. Salary and wages are almost constantly adjusting, and the adjustment has been upward during the last several years.

Q. No, I mean in the last few months, since decontrol?—A. Yes, there have been some salary increases.

Q. I am not blaming you, because you are taking less and less as time goes on.—A. I understand you, sir. Wages and salaries from time to time, almost constantly from day to day certain salaries are adjusted, and it would be safe to say that wages and salaries to some extent have increased since decontrol of meat prices. Certain other material costs may also increase. Wrapping paper has reasonably increased considerably in price.

Q. I see here for the two weeks ending November 1, that your gross margin was 7·29?—A. That is right.

Q. That gives you an average margin of 5·2 cents per pound?—A. Yes.

Q. Would you consider that as being reasonable and satisfactory?—A. Yes.

Q. At a certain date in November I think your percentage of markup was 17 per cent, and that indicates an increase. Why was that?—A. Because the price of meat has increased considerably since that time; is that what you wanted?

Q. No—I understand what you are telling me, but what I am asking you is about the 5 cents, the 5-cent average?—A. You mean the 5 cents per pound?

Q. Gross margin of 5 cents per pound, would that be sufficient to cover your operations?—A. I think so.

Q. And give you a profit?—A. Yes.

Q. Was 3·6 sufficient on the 3rd of April?—A. No.

Q. It was not?—A. It was not.

Q. You had a loss then?—A. I would only say we didn't make the gross that we should have.

Q. I understand that. You cannot put on the meat department the complete over-all cost of operations.—A. I am sorry, I didn't get that.

Q. Your accounts do not show the cost of operations of your meat department alone?—A. No, they do not, sir.

Q. You cannot tell us that?—A. Not entirely accurately, sir; the only thing we have an accurate record on is our cost of salaries and cost of supplies, but not on the other operating costs.

Q. That includes things like rents and so on?—A. It would be an estimation to some extent.

Q. Did you ever make such an estimation?—A. We have attempted to do so.

Q. For what period?—A. Various periods.

Q. Lately?—A. Yes. The most recent one was for the twelve week period ending March 20, of this year.

Q. Have you the figures with you?—A. I have some figures here. As I say it is to some extent an estimation.

Q. Yes, yes.—A. We estimate—I hesitate somewhat to give these figures because they are to some extent confidential information and it is an estimation

Q. Up to now I do not think we have been able to get even estimates of the cost of operating a meat department. Of course, Mr. Chairman, I do not want to embarrass the witness or his company by asking any confidential information the disclosure of which might be harmful to them.

Mr. MacAulay: I think perhaps we could approach it another way. We might approach it from the standpoint of April 3, while we are talking about 10·02 per cent gross, and where we are talking about $3\frac{6}{10}$ cents. Now, Mr. Kraft could tell you whether he considers that a satisfactory return.

Mr. Lesage: He said no.

Mr. MacAulay: He said no, and is not that an answer to the question?

Mr. Lesage: No, because we have been trying to find out the operating costs of the meat department in a retail store and I do not think we have had it put in yet by any witness who has come before us. I think it is important that we know the cost. I am in the hands of the chairman, and if the chairman thinks we should not have the information, or if counsel thinks we should not have the information, I will leave it.

Mr. MacAulay: Mr. Chairman, the witness said that on November 1, 1947, there was a gross of 17·29 per cent in the meat department and $5\frac{2}{10}$ cents per pound. He said he considered that a satisfactory operation. He said on the other hand that on April 3 where the figure was 10·02 per cent and $3\frac{6}{10}$ cents, he did not consider the operation satisfactory.

Mr. Lesage: That is correct.

Mr. MacAulay: So I think he has answered the question. A proper figure would be between those two figures and possibly the witness could give a further explanation as to why the 10·02 per cent is not a satisfactory gross. I gathered from the witness that the company aims at a higher gross than 10·02 per cent and the company believes it should have a higher gross. If the witness explains the company's policy in selling I think perhaps he would be answering the question.

The Chairman: I do not think that would satisfy you, Mr. Lesage?

Mr. Lesage: I am in the hands of the committee. I do not know what to do about it—what do you think, Mr. Dyde?

Mr. Dyde: If Mr. Kraft would just discuss with Mr. MacAulay we might find there is something in the figures which you have and which you could give, apart from general policy?

Mr. Lesage: Do you not think it would be very helpful to have the information which I have requested?

Mr. Dyde: It would be very helpful to the committee if the witness could give it.

The Chairman: Yes. We want to be fair to the company but if evidence is important in giving us a guide, the committee will have to decide. I think I should make those remarks to the witness.

Mr. MacAulay: The figure is an estimate and I do not think it is in the interests of the company to disclose that information. We were not asked to produce those figures.

Mr. Lesage: I understand.

Mr. MacAulay: If we had been asked we would likely have had more than an estimate.

Mr. Lesage: I am only asking for the estimate, just as a guide and to know what the costs are.

Mr. Pinard: Can the witness tell us how the estimate was made?

Mr. MacAulay: The figures were not prepared by Mr. Kraft and were not checked by Mr. Kraft, so he could not swear to the information contained in the document.

Mr. Dyde: I think the difficult point is that the figure would be an estimate and I believe the value of it deteriorates when you find that it is an estimate. We cannot use it for any other purpose. I am concerned about that point and I had hoped it could be an exact statement but it appears that it cannot be.

Mr. Lesage: It cannot be an exact statement after what Mr. Kraft has said because he has to estimate what proportion of the cost he is going to put on the meat department. It will always be an estimate for every department in your stores.

The Chairman: If it is just an estimate that you give how can the company be prejudiced? You can say "here is our estimate—" and that does not mean it is an exact figure, but it would perhaps be sufficient to give us a guide.

Mr. MacAulay: Mr. Kraft can tell the gross the company feels it must obtain; he has already given that figure. He said 16 to 18 per cent.

Mr. Thatcher: No, he did not say that.

Mr. Lesage: No, he said it would vary in accordance with the price of meat.

Mr. MacAulay: He said that on November 1, when the meat price was what it was, 16 to 18 per cent would be a proper figure.

The Witness: I think I said 15 to 18 per cent.

Mr. MacAulay: You said 16 per cent.

The Witness: I am sorry, I meant 15 per cent.

Mr. Lesage: That is why I picked out the figure for November 21 because it was 17·9 per cent. On the 3rd of April for instance, what gross in cents would just cover the cost of operation, according to your estimate?

Mr. MacAulay: For what date?

Mr. Lesage: April 3.

Mr. MacAulay: That is the same question.

Mr. Lesage: Yes, but I do not see why Mr. Kraft would have any objection to answering the question. What is the gross margin in cents necessary to cover the cost of operation of the meat department—the estimated cost of operation of the meat department?

Mr. Beaudoin: It seems to me the question is very fair.

Mr. Irvine: It seems to me that if we cannot have the information there is no use proceeding with the witness.

The Chairman: I think we have received that type of evidence from other witnesses.

Mr. MacAulay: The question is, with the price of meat as of April 3rd, how many cents per pound would the company have to have?

Mr. Lesage: You said 3 cents was not sufficient.

Mr. MacAulay: In order to have a satisfactory operation?

Mr. Lesage: No, to cover the cost of operation—I do not mean profit.

Mr. Irvine: May I ask a question on this same point?

Mr. Lesage: I have not had an answer.

Mr. Irvine: All right, I will wait.

Mr. Lesage: I have not yet received an answer to my question.

Mr. Irvine: You may not receive an answer.

The Chairman: I think the question is a fair one. I do not see how we can be precluded from asking the question.

Mr. THATCHER: How would it damage the company for you to give the information? Do you mean one of your competitors would obtain it?

Mr. MACAULAY: Yes, it might damage us if someone thought that on April 3rd we were selling meat for less than the cost of the operation.

Mr. THATCHER: That would be of value to your competitors—they would derive some value from that information?

Mr. MACAULAY: Yes.

Mr. THATCHER: I do not think he should give the information if it is going to be of value to his competitors.

Mr. PINARD: I would like to know of what value it would be?

Mr. IRVINE: I should think it would be a mighty good boost for Safeway.

Mr. MACAULAY: As I said, in the first instance, if Mr. Kraft indicated the company's method of fixing margins on meat, and if he indicated why there was a lower margin, you would dispose of the matter.

Mr. KUHL: The chairman pointed out that similar information had been obtained from other witnesses. Would he mind indicating what witnesses gave that information?

The CHAIRMAN: I do not recall, but we asked some of them.

Mr. LESAGE: I think the first thing we have to ask of a witness, if we are to investigate prices, is a question as to the margin which must be taken to cover the cost of operation. I think that is a very fundamental question.

Mr. IRVINE: We had it all through the inquiry with respect to bread.

Mr. LESAGE: We might as well not be here if we do not have the information.

The CHAIRMAN: We have had the innermost secrets of companies which have been before the committee.

Mr. THATCHER: Where is it shown that we asked that question of Loblaw's or Steinberg's?

The CHAIRMAN: I do not refer to this particular thing but we have taken the position that we must have anything that will assist us in meeting the assignment which parliament has given to us. We do not want to unnecessarily hurt people in obtaining that information.

Mr. THATCHER: The witness has said we might be doing just that.

The CHAIRMAN: The witness has said so but we must decide.

Mr. KUHL: To my knowledge this is the first witness of which the question has been asked.

Mr. LESAGE: We asked practically all the witnesses in all branches of our inquiry what their cost of operation was and that is what I am asking now. I am asking the witness how much per pound the company would have had to receive on April 3 to cover the cost of operation.

Mr. THATCHER: I think the witness should be told he does not have to answer if he does not wish to answer.

The CHAIRMAN: No, I cannot do that.

Mr. LESAGE: That is a new law.

The CHAIRMAN: The chair has not said that, and I do not want to do anything wrong. I do not want to do anything to hurt this company—

Mr. IRVINE: None of us desire that.

The CHAIRMAN: No, we do not, but we have a job to perform and we want to perform that job thoroughly.

Mr. KUHL: On April 3 you made a small profit?

The WITNESS: Gentlemen, I will tell you the figure given in this estimate—and it is only an estimate—and the figure is given for the twelve-week period ending March 20. It is not as of April 3.

By Mr. Lesage:

Q. Correct—A. The figure we have is 11·54.

Q. Cents per pound?—A. No, that is percentage.

Q. Percentage? And that was the average for the twelve-week period ending— —A. The twelve-week period ending March 20.

Q. From January 1?—A. That figure was higher when meat cost less per pound, and it would probably be lower now.

Q. Yes, in percentage it would be lower. The cost price of meat has gone up?—A. Yes, and the only portion which is accurate in this estimate is the portion respecting salaries and supplies. The other contributing costs are estimated.

Q. I understand perfectly.

Mr. IRVINE: Your costs of handling, according to this figure, include the cost of the purchase of the meat—otherwise I cannot see what difference it makes in handling whether you pay 40 cents per pound or 50 cents per pound for meat? You have to handle it just the same. Do you separate the cost of handling the meat from the original price?

Mr. MACAULAY: We can make more dollars if the price is higher—that is on a given percentage.

Mr. IRVINE: Yes, but I was thinking of your actual cost of handling.

Mr. BEAUDOIN: May I ask to have—for my own information—the actual position held by the gentleman who is sitting next to Mr. Kraft?

The CHAIRMAN: Mr. MacAulay is Mr. Kraft's counsel and I have asked Mr. Dyde to speak to Mr. MacAulay.

By Mr. Lesage:

Q. This 11·54 per cent for the twelve-week period would mean, as far as I can see, 4 cents per pound when converted into cents, would it not? Taking the two-week period ending March 6 as an example you had 11·88 per cent on a price of 34 cents—which is above the average between 40·9 cents on January 10 and 31 cents on March 20—and that percentage gives 4 cents? Will this be about correct, 3·9 to 4 cents?—A. I think so, if I understand your question.

Q. I am trying to convert the 11·9 per cent from percentage to margin in cents for that period, and it looks to me as if it was 4 cents?—A. Yes.

Q. That is correct?—A. Yes.

Q. So for that period it costs about 4 cents to cover operation cost; 4 cents a pound would cover the operation cost of your meat department?—A. Possibly.

Q. On your estimate; I understand it is only an estimate?—A. I think so.

Q. Now, since April 3 what has happened? Have you reduced your margin again on account of consumer resistance?—A. It is about the same.

Q. About the same?—A. As far as I know. As I said a while ago I have not an accurate report since that time.

By Mr. Pinard:

Q. It is about the same as April 3?—A. Yes.

By Mr. Lesage:

Q. You mean you are taking about the same percentage or the same margin in cents?—A. It would be about the same percentage margin as of April 3. The percentage is really too low.

Q. Yes, I understand, according to your estimate.—A. But it would be about the same now because the price of meat has increased very considerably within the last two or three weeks. Our costs, the prices that we have to pay have increased considerably.

Q. There was an increase in the price of meat. How do you explain these variations in price from one two-week period to another? For instance, on October 4 the average price of a pound of meat is 41 cents?—A. Yes.

Q. October 18, 35·9 cents; November 1, 30 cents, and then on November 15 back to 35 cents.—A. Well—

Q. Would you explain what happened in the period ending November 1? It looks to me as if there was a reduction of 5 cents.—A. Consumer preference for various cuts of meat does not remain constant.

Q. It is not?—A. No, and a greater gross margin of profit is made on some cuts than on others. Competitive prices would also enter into it.

Q. In pricing your meat you take into account the prices of your competitors, of course?—A. Yes. We are never knowingly undersold for the same grade of meat. In pricing meat we would attempt to take what we think is a reasonable and fair profit over all, over the entire meat operation.

By Mr. Thatcher:

Q. You try to get 15 or 18 per cent; is that what you said?—A. Yes, but in addition to that we also meet all competitive prices.

Q. Is that the reason—A. And we trim better than meat is customarily trimmed in the industry, and that forces our roasts down, particularly so on beef.

By Mr. Lesage:

Q. Do you not think that with prices as they are now a gross margin of 15 to 18 per cent would be a little high?—A. It was not—

Q. I am speaking of now.—A. As of today?

Q. As of today.—A. 15 per cent probably would not be over all. 18 per cent might be as far as we are concerned.

Q. 15 per cent, if the average price per pound is 40 cents, which is a conservative figure, would give 6 cents a pound. It is a little high. You would be satisfied with 5 cents?—A. Between 5 and 6, I think, with the present volume. We have to consider tonnage.

Q. That is right.—A. As the tonnage increases, if it increases, the operating costs per pound decrease. As the tonnage decreases the operating costs per pound increase.

Q. But you have a steady volume. You have a steadily increasing volume in the last period?—A. Yes.

Q. It is a good volume. It is steady?—A. I think so.

Q. 15 per cent would be about correct.

The CHAIRMAN: Mr. Lesage, have you elicited what the normal percentage profit desired by this company was over the last three or four years?

Mr. LESAGE: No. I kept to recent dates.

The CHAIRMAN: It seems to me in ascertaining whether or not a certain percentage of profit is fair and reasonable at the present time one should know what has been their percentage of profit over a period.

Mr. LESAGE: We were under controls then.

The CHAIRMAN: Yes, but before controls were on.

Mr. LESAGE: When I started questioning the witness on this I asked him if he had any figures separate for the meat department, and he said he had only an estimate for various periods, and then he gave me the period that was nearest to the present date.

By Mr. Lesage:

Q. Do you have anything like that for previous years?—A. No, I have not any figures.

By Mr. Pinard:

Q. You have made estimates of your cost of operation for your meat department for other periods?—A. Yes, we have done that.

Q. Over a certain number of years?—A. Over a number of years. I believe I said previously that as the cost of meat increases per pound a lower gross percentage is satisfactory.

By Mr. Lesage:

Q. You have said that, but in the last year was your figure of gross percentage on meat varying between 15 and 18?—A. Well, it would be. It would have been gradually higher in the last few years, to some extent.

Q. What is the reason for that?—A. Percentagewise, I mean, because costs were lower per pound.

Q. Yes, but the margin in cents would be approximately the same?—A. I have not those figures but there probably would be no great difference.

The CHAIRMAN: Could we get it this way, by asking if the present percentage is not the highest?

Mr. LESAGE: Oh no, it is the lowest as far as this witness is concerned. It is sure that the percentage they were taking on the last date here, April 3, was the lowest they have taken up to now.

Mr. PINARD: Since 1946.

Mr. LESAGE: For the figures we have here it is the lowest. I do not see that it could have been lower in the war years because the cost of meat was lower than it is now.

The WITNESS: During the war years, speaking from memory, it was from 15 to 20 per cent.

Mr. MACAULAY: I did not think the witness understood Mr. Lesage's question. I am glad that came out now. I thought Mr. Kraft perhaps created the impression it was much higher than 15 to 18.

Mr. LESAGE: No, no.

Mr. MACAULAY: I am sorry.

By Mr. Lesage:

Q. Is there any consumer resistance now with regard to meat?—A. Well the tonnage that we are selling would not indicate that there is, but there are some complaints.

Q. By whom?—A. By consumers.

Q. That— —A. The meat prices are high.

Q. Oh yes.

Mr. PINARD: Both for pork and beef.

Mr. LESAGE: Who would not complain that they surely are high.

The WITNESS: Both for pork and beef. Since the decontrol of pork price pork prices have risen considerably. In recent weeks beef prices have risen very considerably because the packers are paying substantially more for their beef t the farm, the rancher and producer.

Q. Have you noticed any change in consumer demand? Has the deman switched to cheaper cuts?—A. There may be a slight switch. It is not ver noticeable.

Q. To cheaper cuts?—A. Yes.

Mr. PINARD: Has there been a switch from pork to beef?

Mr. LESAGE: Or beef to pork?

Mr. PINARD: From pork to beef. I am told it has happened in Montreal, for instance, and has happened in Winnipeg in the last period.

Mr. LESAGE: Since January 2, since the price of pork has gone up.

The WITNESS: No great switch from pork to beef.

By Mr. Pinard:

Q. But there was one?—A. Perhaps some; there was some consumer resistance to high pork prices when pork prices recently increased substantially.

By Mr. Lesage:

Q. When I look at your figures I am surprised because we have heard that on account of the British contract prices have gone up, and we know that the price of hogs and the price of cattle has gone up. Looking at your average price per pound of meat I see that for the period ending December 27, and even for the period ending December 13 your prices were higher than for the period ending February 7, and February 21, and March 6 and March 20.—A. Yes. It has not been possible for us to adjust our retail prices upwards as fast as our costs have increased in recent weeks.

Q. But I am talking about January, February and March.—A. When I say it has not been possible, it has not been possible to do that and be competitive in price.

Q. For the periods I am mentioning now for which your prices were under December prices you were having a gross of 4·3, 4·3, 4·4 and 4 cents, which was a return that gave you your estimated cost of operation plus, in most cases, a small tiny profit. You were selling your meat at prices which were lower than the prices that you were getting in December, and in November.—A. I have said that the price at which we are now selling meat is really too low based on our costs as of April 3.

Q. As of April 3. It is difficult for me to follow you on periods after April 3 because I have no figures in front of me.—A. I am talking about April 3. I would say our margin is too low.

Q. That is all right. I understand that. However, it looks to me as if the increase in the price of meat to the consumer has occurred since the end of March, and it took three months to feel the effect of the British contract, if it has any effect at all. Is that not correct?—A. I am sorry, but I did not follow you.

Q. Do you not agree that your average price per pound of meat since January 10 is lower than your price of meat for November and December, your selling price of meat, generally speaking?—A. Well, it is not in January.

Q. No, I said since January 10.—A. I beg your pardon.

Mr. PINARD: In other words, excluding January.

By Mr. Lesage:

Q. No, I do not exclude January. I exclude the first ten days of January.—A. Well, it was about the same for the two-week period ending January 24 as it was in November and December.

Q. That is right, then it dropped?—A. Slightly.

Q. In December, prices— —A. That is the average price per pound of all meat.

Q. Yes, the figures we have for December are also the average price per pound for all meat?—A. That is right.

Q. Your cost was higher, but you were taking less profit. Is that the reason for the lower price of meat to the consumer?—A. The price that we had to pay for our supplies increased faster than we were able to increase our retail prices.

Q. It took a little more than two months to increase your retail prices, is that the answer?—A. Our retail prices—

Q. Started to go up after March 20?—A. Our retail prices—no, they did not start to go up after March 20. Is that what you said?

Q. After March 20, that is what I see here.

Mr. Pinard: There is an increase from the first period of February to the second period of February.

By Mr. Lesage:

Q. Yes, but it is a very small one. Is that not correct, that your prices to the consumer increased shortly after March 20 only?

Mr. Kuhl: Where is that shown on the chart? I do not follow that.

By Mr. Lesage:

Q. I took it down.—A. Yes, the prices went up at that time and they have gone up since then to some extent because costs have increased considerably, the cost of beef particularly.

Q. I agree with you the cost of beef has gone up considerably, but the cos had gone up in January, February and March and it was higher than it was in November and December, was it not?—A. The average selling price of all meat at that time?

Q. The cost to you of beef and pork was higher in January, February an March, than it was in November and December?—A. Well, I do not know.

Q. Do you contend that you do not know the prices you had to pay fo pork and beef were higher?—A. I know there has been an upward trend in bee prices, but I am not sure whether pork prices have increased substantially.

Q. The price to you has definitely increased over January 2 or 5, there i no doubt about it?

By Mr. Dyde:

Q. Mr. Lesage is trying to remind you, Mr. Kraft, that the evidence w have heard is there was a considerable increase in the cost of pork at th beginning of January as the result of the United Kingdom contract.—A. Oh, ye

Q. So that in January your costs were greater than they were in Novemb and December?—A. Yes, I believe that is right.

Mr. Lesage: And they were in February and March?

By Mr. Dyde:

Q. And they were in February and March?—A. Yes.

By Mr. Lesage:

Q. But, however, you were selling your meat on an average at lower price than you had been selling it in November and December?—A. Well, we wer selling at lower prices, did you say?

Q. Yes, generally speaking. You agreed with that a few minutes ago?—A. Lower prices per pound?

Q. On an average, lower prices?—A. There may have been a different kind meat selling, to some extent, in the latter period.

Q. Was that due to consumer resistance; that is the point to which I wis to come?—A. I do not know. It is, probably, to some extent.

Q. You set your own prices. Why did you fix them at such a level that yo returns were not satisfactory? You said that a few minutes ago.—A. Well. have said that we meet all prices. We are never undersold on the same quali of meat or the same quality of beef and we trim better than others.

Q. I would not like to see any other person from Winnipeg here when you say that. Perhaps he would not agree with you. I do not question your statement.—A. I can illustrate our trimming method here.

Q. No, do not go into that.

Mr. DYDE: Mr. Kraft has two volumes here. One is the policies of the company and the other a document called, "Safeway News, April, 1948". He is quite prepared to have the members of the committee look at these. I do not think they need to be exhibits, but it may be the members of the committee would care to look at them.

By Mr. Lesage:

Q. What is the reason for the recent increase in prices? Is it due to an increase in the cost of pork and beef to you, is that the answer?—A. The producer is getting more money.

Q. That is your answer to it?—A. Yes.

Q. And whatever the increase is, the company does not benefit at all?—A. No, sir.

By Mr. Pinard:

Q. Is it only the producer who benefits or does the packer benefit as well?—A. I do not know.

By Mr. Lesage:

Q. But the cost to you?—A. We know our costs are substantially higher and we see what livestock is selling for according to the press. Steers sold in Winnipeg last week, Friday, in excess of 19 cents per pound, 19½, for some steers. We have never before seen such a high price paid or quoted for steers.

By Mr. Dyde:

Q. In that connection, Mr. Kraft, the most recent prices we have for steers at Winnipeg are these; good butcher steers of 1,050 pounds down, the last quotation which is available to us is April 24 at Winnipeg and it is 16·60. Now, it has gone up since then, has it?—A. Yes, substantially.

By Mr. Lesage:

Q. The recent increase in the price of meat is mostly due to the increase in beef and not in pork prices?—A. Beef prices and veal.

By Mr. Kuhl:

Q. Before you leave this page, could Mr. Kraft give any indication of the proportion of his cost represented by dominion taxation?—A. No.

The CHAIRMAN: I take it, Mr. Kuhl, you are still opposed to taxation?

Mr. KUHL: Yes.

The CHAIRMAN: I think you will find almost everyone is opposed to it.

Mr. LESAGE: Since I have filed my income tax return, I am opposed to it.

Mr. MACAULAY: I do not know whether I am allowed to speak or not.

The CHAIRMAN: The rules of the committee are not made by us.

Mr. MACAULAY: I think I could answer that question for the gentleman, if he wants it answered.

Mr. KUHL: I certainly do. If he can give any reply to it.

The CHAIRMAN: Do you want to be sworn?

Mr. MACAULAY: No.

Mr. IRVINE: You can whisper it to him after the meeting.

By Mr. Beaudoin:

Q. In answer to a question put by Mr. Lesage, the witness said there were several increases in wages since the removal of price control. Were there not increases in wages before the removal of price control?—A. Yes, I intended to infer that the trend in wage adjustment over the whole period has been upward and that there are adjustments almost constantly.

Q. But, as a matter of fact, the biggest adjustment in wages had to be made before the removal of price control. Is that not so? The adjustments you are making now may be considered minor as compared to the considerable adjustments you had to make from time to time before the removal of price control?—A. I do not believe so. I do not think there would be any substantial difference.

Q. During the course of the years 1942, 1943 and 1945?—A. Of course, when we had wage and salary ceilings, we could not adjust wages except within a bracket.

Q. There were several requests made by your employees to the National Labour Board and there were some adjustments?—A. Yes.

Q. As soon as the ceiling on wages was removed, you might have had several requests from your employees for adjustments and so on?—A. Yes.

Mr. KUHL: Would it be out of order for Mr. Kraft to secure from his counsel the information necessary to answer the question I asked?

The CHAIRMAN: Mr. Kuhl, the rules of the committee—

Mr. KUHL: I do not think it is out of order, Mr. Chairman.

The CHAIRMAN: It is out of order for this committee to ask this witness to ask his counsel what he thinks of taxation.

Mr. KUHL: I am not asking for an opinion on taxation at all. I am merely asking whether he can give an estimate of the proportion of his cost represented by taxation.

The CHAIRMAN: If you wish to ask that, Mr. MacAulay will have to be sworn.

Mr. KUHL: I do not want to put him to that trouble if it is not necessary. It is a simple question. I am not asking for an opinion, I am asking for a statement of fact.

The CHAIRMAN: I am suggesting to you it is not even proper.

Mr. KUHL: It is a matter of interest. He has the information.

The CHAIRMAN: That certainly is not admissible. I do not think we should spend any more time on it.

Mr. KUHL: Under what rule is it not admissible?

The CHAIRMAN: Under the rule of commonsense. We might as well ask any of the spectators in this room the same kind of question. While I am not depreciating its interest, I am saying that an opinion of that kind is not admissible.

Mr. KUHL: I am suggesting to you that I am not asking for an opinion. I am asking for a statement concerning an item of cost.

The CHAIRMAN: You can ask this witness.

Mr. KUHL: I have asked the witness.

The CHAIRMAN: This witness cannot tell you. There is nothing to prevent you—I am not going to encourage you to do this—

Mr. KUHL: Quite obviously.

The CHAIRMAN: You have a right, as a member of this committee to bring anyone here. If you feel that is an important matter, you may bring in evidence later on that. I am suggesting to you in all seriousness that the method you are proposing is one which could not be countenanced for one minute and I think the committee would agree with that without hesitation.

Mr. KUHL: May I ask the witness once more whether he would care to make an estimate of it at all?

Mr. BEAUDOIN: He did not know a minute ago, do you think he knows now?

The WITNESS: I do not know, sir.

By Mr. Dyde:

Q. Mr. Kraft, I should like to turn to the second page of the material you presented and explain that you were asked to bring with you the cost and selling price of certain pork cuts. You have set down, in various columns the cost in cents per pound on pork loins and the selling price in cents per pound and the gross margin in percentage?—A. Yes.

Q. The gross margin under pork loins is a percentage figure. May I ask, if in that particular item, you allow for the fact—I think you say so in your footnote—you allow for the fact some of the pork loins are sold as chops and some as roasts?—A. That is right, the price is the same.

Q. Is the price the same for any item, no matter how it is sold?—A. Whether sold in the form of chops or sold as a roast.

Q. Then, in the second column, you have No. 1 bacon; sliced side, rindless. Is that in a package?—A. Yes.

Q. In a cellophane package?—A. In a cellophane 8 ounce package.

Q. Is it your own brand of bacon or is it the packers brand?—A. The packers brand.

Mr. PINARD: That is wrapped by the packers?

The WITNESS: Yes sir.

By Mr. Lesage:

Q. Does your cost include the sales tax?—A. Yes.

Q. It includes the sales tax?—A. It includes the sales tax.

Q. And it is all wrapped by the packer?—A. It is all packed by the packer.

Q. You receive it in your store all wrapped?—A. That is right.

Q. I am putting this question to you in all sincerity; I cannot understand why you charged on April 19, more just to handle packaged bacon when really you do not handle it.

Mr. PINARD: The customer can pick it up by himself.

By Mr. Lesage:

Q. Is it picked up by the customer himself?—A. No.

Q. And for that service you charge 12 cents a pound?—A. We did at that time on that item. We take the meat operations as a whole and we realize an over-all gross if we can, as previously referred to, and the figures indicate the over-all gross that was realized on all meats.

Q. I understand that.—A. And a bigger percentage of profit is made on some lines than on others.

Q. Yes, but you are making a gross margin on sliced bacon which is higher than the average.—A. Than the average over-all gross?

Q. Right; is that correct?—A. Yes, percentage-wise we were.

Q. Even though the sale of this particular kind of meat, this sliced bacon, involves much less operation than the sale of pork loins or steaks or roast beef and things like that. That is the thing I don't understand, why you do that. It costs you practically nothing to handle it.

Mr. MACAULAY: I object to that statement.

The WITNESS: I don't agree with you there. All the meat operation has to be taken as a whole. You cannot single out any one item.

By Mr. Lesage:

Q. I am not blaming you at all, I am just looking for an explanation as to why you are taking a gross margin on sliced bacon which is higher than the average when the operation involved in the handling of that bacon is practically nothing; there is no handling, there is nothing for a butcher to do; it can be handled by anyone in the store, it is all wrapped up.—A. We handle in the food store in groceries, produce and meats, something like 1,500 items or more. It would be impossible to attempt to get the exact cost for handling every item. We do not know exactly what it costs us to handle one item. We estimate the operation as a whole.

Q. Quite.—A. And if there is a low margin in some items there has to be a higher margin in other items. Consumer preference and demand to some extent sets that. On April 16, we were paying 26½ cents for blue label and 27½ cents for red label beef, that is good and choice, and we were selling brisket points for 18 cents a pound out of meat that cost us 26 and 27½ cents a pound. Why do we do that? The other day we dropped our price on brisket points to 10 cents a pound. Why? Because brisket points just quit selling. Brisket point is a type of meat that a customer does not want in warm weather, it is used either for stews or perhaps soups when the weather is cold; and you have to adjust the prices upward or downward to some extent in accordance with the consumer demand and fluctuate it so as to show a fair over-all markup.

Q. But there is a good demand for sliced bacon.—A. There is a good demand for sliced bacon, but not as good as it was at the moment.

By Mr. Dyde:

Q. This is an item, Mr. Kraft, which we have found commonly throughout the trade and we have been puzzled by it, just as Mr. Lesage has said. It looks as though a person that was wanting bacon was subsidizing someone who wanted other types of meat. That is, you have to make up on the bacon what you lose, or what you fail to make, on somebody else who is eating something else. It strikes us as laymen as being odd that this should occur, and we have looked for an explanation elsewhere and the thing has never been made clear to us, why the bacon should always have to carry this large margin, because apparently it does all over. Now, would you be able to say anything about the margin in the event of a person coming into a store and buying bacon that you slice right there. Can you tell us what your selling price is for sliced bacon which is not coming from the packer in that way?—A. The cost would probably be slightly lower than this.

Q. Yes.—A. The selling price would be the same.

Q. It would be the same as this, would it?—A. It probably would be, if it were of the same quality.

Mr. LESAGE: And the additional operations in your store would be covered?

The WITNESS: The cost of selling would be covered by the lower cost—if it were of the same quality.

By Mr. Dyde:

Q. The same situation arose, Mr. Kraft, when we discussed hams also. That is in the third column incidentally. There is a correction to be made, gentlemen, in the last column under hams under gross and opposite November 17, 1947. I think you will notice—if your copies are not already changed—it should be 24·25. The same remark applies, Mr. Kraft, on ham, which again is an item which is handled in a package, it comes into the store in a package and it goes out in the same package, except that sometimes it is cut; is it not?—A. Yes.

Q. But the amount of handling and cutting and the services that you perform in selling bacon and ham is nothing like the service that you supply or perform in selling your beef, is it?—A. No, it is not. There is not as much labour involved per dollar sale in selling whole ham or packaged bacon as there is in selling beef or in sellling fowl or chicken on which you probably make 5 or 6 per cent, or maybe 10 per cent, and have to draw it.

Mr. Lesage: That is what I can't see.

The Witness: But I say you have to take into consideration operations as a whole.

Mr. Lesage: But taking it as it is, don't you agree, people buying bacon and ham are subsidizing others who are buying the things about which you have been telling us. Frankly, I want to understand it.

The Chairman: Supposing the witness would answer yes to that, is that not an understandable operation; I mean, no company is in business for the sake of philanthropy, and to be able to carry on they have to consider the over-all picture.

Mr. Lesage: Yes.

The Chairman: I mean, there are some lawyers who do work for nothing for some clients and they have others for whom they work by whom they get better paid.

Mr. Irvine: Where are they, Mr. Chairman?

The Chairman: There are a lot of people in the profession who do that.

Mr. Lesage: That is right.

The Chairman: I think the lawyer has to take into account his whole operation, the doctor has to do the same.

Mr. Lesage: That is the difficulty for the lawyer.

The Chairman: I think we ought to be fair in these things.

Mr. Lesage: I am not blaming the witness. I am just looking for an explanation.

Mr. MacAulay: Mr. Chairman, I thank you for that comment because, if anybody looks at the page we were discussing previously, the gross over-all operation is indicated as 11·59 per cent and 10·02 per cent.

Mr. Lesage: I agree perfectly, but I do not see why you should buy a certain commodity like bacon or ham and have a situation where—well the words used by Mr. Dyde are correct—that product subsidizes the people who eat other products.

Mr. Beaudry: Would you prefer that the people who eat chicken should subsidize the others?

Mr. Lesage: No, but perhaps it should be apportioned more fairly. However, it is the method.

Mr. MacAulay: Could I make one further explanation?

The Chairman: I am in a quandary, Mr. MacAulay, and if you were sworn I would have no difficulty.

Mr. MacAulay: This statement is now before the committee and I would like to refer the committee to—

The Chairman: Could you not tell the witness?

Mr. MacAulay: Yes.

The Witness: I might draw your attention to the fact that you have picked probably the highest gross in the report covering the entire period of sales of bacon and ham. The average you will find it substantially lower than the figures to which you referred.

Mr. DYDE: Yes, and in order to help you even further, I am going to point out that under price control you were allowed a large gross on sliced side rindless bacon so there is that also to be said for the position.

Mr. LESAGE: I think the answer to my question is that it has always been done that way.

Mr. IRVINE: That is the trouble.

By Mr. Dyde:

Q. Mr. Kraft, will you turn the page but before we go on I think in order to shorten this matter I will call the attention of the committee to two or three things. In the first place there is a page included in your material which I think is incorrect. It is the page for January 13, 1948, it is the cutting test of blue beef for a heifer forequarter. Do you find that? Mr. Kraft wanted me to explain that they have discovered that there is an error in that particular test and that it should not be regarded as being correct. Now the other remark which I wished to make was that in addition to the pages Mr. Kraft has produced, these various cutting tests were analysed by the secretariat and reduced to a mimeographed page. I think it is not necessary for you to go through the pages which Mr. Kraft produced at the present moment and if you will look at the mimeographed page there is a correction or two to be made. The mimeographed sheet is headed "Canada Safeway Limited, Winnipeg Zone, Cutting tests on Red Grade Beef." This sheet was prepared by the secretariat but Mr. Kraft has had an opportunity I think of checking it and I believe, Mr. Kraft, you have found there are one or two places where corrections are required?—A. That is right. In the first place there is one column to come out altogether—which column corresponds to the page which I have just mentioned as being incorrect. The column to come out is at the lower half of the page under "cutting tests on blue grade beef". The column under date of January 13, 1948, should be removed from the top to the bottom because that is the one which came from the incorrect page. In the upper half of the page there is in the column of figures under "March 24, 1948", opposite "average selling price per pound of carcass weight"—you will find there the figure 30·86 cents and instead the figure should be 29·00 cents. When that change is made the figure immediately below will remain the same, but obviously the figure below that again should be changed to 2·00 cents, and the percentage of gross margin on selling price should be changed from 12·5 per cent to 6·87 per cent.

The CHAIRMAN: Are there any more errors? If so we might as well run the sheet off again.

By Mr. Dyde:

Q. Mr. Kraft, do these figures on these mimeographed sheets thoroughly summarize the sheet which you have produced and which indicate your cutting tests?—A. Yes, but there are a few additional sheets included which were not mailed to you originally.

Q. So this analysis does not include all of the sheets?—A. No.

The CHAIRMAN: Gentlemen, it is 6 o'clock.

Mr. KUHL: Before you adjourn, I would like to raise a point of privilege.

The CHAIRMAN: Yes, Mr. Kuhl.

Mr. KUHL: When I attempted to ask the witness a question, not very long ago, you ruled the question out of order and said that it showed even a lack of common sense to ask for an answer to that question.

The CHAIRMAN: I should not have used that expression.

Mr. KUHL: I am not complaining about that.

The CHAIRMAN: You had a right to complain.

Mr. KUHL: Since that time counsel for the witness attempted to answer but you prevented him from answering and suggested to him that he give the witness the answer and the witness in turn would give us the answer.

The CHAIRMAN: Mr. MacAulay is acting as counsel and I asked Mr. Dyde to suggest to Mr. MacAulay and that he point out to the witness the material in the document about which he wished to speak. That is an entirely different matter.

Mr. KUHL: In what way is the information I am seeking any more out of order than the information which the counsel gave?

The CHAIRMAN: Counsel did not give the evidence he directed the witness to another page.

Mr. KUHL: There is no difference in my mind.

The CHAIRMAN: I have tried to run the committee on the basis of full co-operation, and I am in the hands of the committee.

Mr. KUHL: I certainly feel that if you permit that procedure I should have been allowed to ask my question.

Mr. BEAUDOIN: Someone could raise a point of order and say that the remarks made by the company counsel should be removed from the record because he was not a witness.

The CHAIRMAN: I explained the situation to the counsel in what I thought was a most graceful way.

Mr. MACAULAY: I was just attempting to be of assistance to the committee.

The CHAIRMAN: Under the rules you are not permitted.

Mr. MACAULAY: In so far as possible—

The CHAIRMAN: Do not make it any more difficult for me now.

Mr. KUHL: I still think I am entitled to an answer to my question.

Mr. LESAGE: If they do more business in Alberta—

The CHAIRMAN: Order. Mr. Kuhl is entitled to an answer to his question if he has not received it, and I suggest he put the question now. He can put the question but he cannot put it to someone who is not before the committee.

Mr. KUHL: I will simply repeat the question I asked before. Can the witness indicate now whether he has any idea of the proportion of his costs which are represented by dominion taxation?

Mr. LESAGE: What costs?

Mr. KUHL: His over-all costs.

The WITNESS: No, I cannot.

The CHAIRMAN: Can I do any more, Mr. Kuhl?

Mr. KUHL: Under the other circumstances you suggested that counsel give the answer.

The CHAIRMAN: I did not suggest that. I simply suggested that counsel might show the witness where certain material was to be obtained.

Mr. KUHL: Perhaps he could do that now.

Mr. BEAUDRY: We might embody that suggestion in our swearing in procedure.

The CHAIRMAN: Order.

The meeting adjourned to meet again Thursday, May 6, 1948, at 11.00 a.m.

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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 53

THURSDAY, MAY 6, 1948

WITNESS

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

MINUTES OF PROCEEDINGS

THURSDAY, May 6, 1948.

The Special Committee on Prices met at 11.00 a.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudoin, Harkness, Irvine, Lesage, Maybank, Mayhew, McCubbin, Pinard, Thatcher.

Mr. H. A. Dyde K.C., Counsel to the Committee, in attendance.

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, was recalled and further examined.

At the request of Counsel, the following correction in the printed Minutes of Proceedings and Evidence, was authorized:

On page 2223, second line of paragraph 14, for the figure *$14.75*, substitute *$14.25*.

Mr. McLean submitted three statements to be incorporated in the document submitted by him on April 21, namely, additional pages 44A, 67 and 68.

By unanimous consent Counsel and the Chairman were authorized to determine what parts of the document above referred to should be printed, such printing to be done as an Appendix to this day's Minutes of Proceedings and Evidence.

During proceedings, Mr. McCubbin took the Chair in the temporary absence of the Vice-Chairman.

At 1.00 p.m. witness retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Beaudoin, Harkness, Irvine, Lesage, Martin, Maybank, McCubbin, Merritt, Pinard, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. McLean was recalled and further examined.

At 5.30 p.m., members were called in the House for a division, and the Committee took recess.

The Committee resumed at 5.50 p.m. and the examination of Mr. McLean continued.

At 6.05 p.m. witness retired and the Committee adjourned until 11.00 a.m., on Friday, May 7.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
May 6, 1948.

The Special Committee on Prices met this day at 11 a.m. The Vice-Chairman, Mr. R. Maybank, presided.

The VICE-CHAIRMAN: Gentlemen, the meeting will come to order.

Mr. J. S. McLean, President, Canada Packers Limited, recalled:

Mr. DYDE: Mr. Chairman, I propose this morning to proceed in this way. There were certain matters on which we asked Mr. McLean to bring information and I thought we would get all of that information before we asked general questions. I should also mention a point which I think needs correction. On page 2223, towards the close of the sitting when Mr. McLean was last here, he read some prices for steers at Toronto which I inserted here in pencil. Mr. McLean was reading those figures and I am sure that he said $14.25 for December 20, although in the proceedings the figure is given as $14.75. I think there must have been an error made in the transcription and the figure should read $14.25. Do you happen to have those figures with you, Mr. McLean?

The WITNESS: No, I have not the page which I read from, but $14.25 is the correct figure.

Mr. PINARD: Instead of $14.75?

The WITNESS: Yes.

By Mr. Dyde:

Q. The figure is about midway down page 2223 and it is the price given for December 20. Then, Mr. McLean, on page 2222 you were asked to bring information or pages similar to page 60 of your original material, with reference to blue brand and commercial beef. You were also asked to give the quantities. Is it now possible for you to produce that information?—A. Yes.

Q. You are producing a page which is numbered 68 and this page should be added to your material?—A. Yes.

Q. Then, I also have asked you since the committee last met, to bring with you material as to the average cost of red brand steers—per hundred pounds—and the average selling price f.o.b. Toronto. I should perhaps have produced that page first because I notice it is numbered 67.—A. Yes.

Mr. LESAGE: What is this?

Mr. DYDE: The cost of red brand steers and the average selling price at Toronto per one hundred pounds.

Mr. LESAGE: I notice that we do not have the quantities for red brand?

Mr. DYDE: Mr. McLean, when you were dealing with this before, the request was made that we be provided with the quantities as well. Has that been overlooked or have you the quantities?

The WITNESS: You will notice the quantities are given on page 68.

Mr. LESAGE: Yes, but not for red brand.

The WITNESS: I doubt if that was asked for and it just did not occur to us.

Mr. DYDE: It was asked for in this way. When you were discussing this matter on Friday the point was raised as to similar figures to those which appear on page 60 and I notice on page 2222 Mr. Lesage asked for the quantities. Perhaps you have not been reminded since, but I believe it was quite clear that we did want quantities.

The WITNESS: I am very sorry that the information is not complete. I can give you an approximation however, and the quantity is about 85,000 pounds weekly. Those are sales at Toronto.

Mr. LESAGE: I think, Mr. Dyde, that we can be satisfied with the weekly average. Is the proportion fairly constant between the three brands?

The WITNESS: Yes.

The VICE-CHAIRMAN: Before going ahead with questioning you will recall that the large brief was not ordered printed. I think it was pretty well understood that there were some things in it which we would not need to print—charts and things of that sort. On the other hand, we are now talking about page 67 and page 68 being inserted into that book and, unless we make some printing arrangements, these spoken words will have no meaning. We will not have a printed document and the others who will be referring to these proceedings will not have a printed document. Would you think that printing Canada Packers' material as an appendix and leaving it to counsel as to how much shall be printed would be satisfactory? I am sure that we would, in such a case, err on the side of a complete case. Probably some things do not need to be printed, and if this were printed as an appendix it would be the best way.

Mr. IRVINE: You would not leave out anything to which reference has been made?

The VICE-CHAIRMAN: No, and if it were printed as an appendix to the proceedings that would not likely delay the printing. Would that be agreeable?

Agreed.

The WITNESS: Mr. Dyde, there is a new page which I have here which is a substitution for page 44. Page 44 gives the history of the company and it is a page that we are most anxious to have replaced.

By Mr. Dyde:

Q. Does the new page which you are offering contain the figures which some of us wrote in by hand when you were here before?—A. Yes, that is why I had it prepared again. In this new page I have eliminated two columns in order to make room for two more important columns. The columns which I have eliminated are first, bond interest—and bond interest is really not a significant column. The bond interest figure was asked for in one of the papers and it is a chart more than anything else. The second column which is eliminated is that with respect to preferred dividends. There is only one item and although I would prefer to leave it in the two columns which have been substituted are much more important.

Q. Yes, the two columns which are being put in consist of what, Mr. McLean?—A. The profit before inventory reserve, income tax, and bonds.

Q. Yes?—A. That is a key figure as everyone will appreciate.

Q. Yes?—A. I will read the columns which I have brought.

Mr. THATCHER: Are you going to give us a copy of those sheets?

The WITNESS: Yes.

Mr. THATCHER: Perhaps we could have them now.

The WITNESS: I would like to have this page substituted for page 44.

Mr. DYDE: I think perhaps we should discuss this and it will be distributed now. I am wondering whether instead of substitution we could not call this page 44 (A), insert it, and leave both pages?

The VICE-CHAIRMAN: I believe you will have to do that in view of the fact that there has been considerable discussion based on page 44. If you do not leave page 44 it might mean that Mr. Thatcher would have to go back over all his questions and relate them to the new page wherever there is a variation.

The WITNESS: I think that is a much better suggestion, but this sheet was prepared in order that the vital figures or figures which I consider essential should be a part of the report.

Mr. IRVINE: There is no real alteration of the figures?

The WITNESS: No, they are the same figures.

The VICE-CHAIRMAN: Would this controvert the situation suggested where originally there was very little money in the business and hardly any put in since—that is in respect of the argument which took place between Mr. McLean and Mr. Thatcher.

The WITNESS: Whatever facts are in the original are in this sheet.

(Mr. McCubbin took the chair.)

By Mr. Dyde:

Q. Mr. McLean, since you were before the committee I endeavoured to let you know by letter some of the things which would be asked of you when you returned. You will forgive me if I do not adhere to the order of the questions as I wrote them in the letter—but one of the questions was that you should explain the recent rise in the price of meat to the consumer. Special reference I am sure should be given to beef, and we have been endeavouring to find out why the price to the consumer has risen recently. I would like to ask you to explain in so far as you are able to make an explanation?—A. Yes. The movement in the price of beef is determined by the quantities of beef available, in relation to the demand from the housekeepers for beef. It is supply and demand. I think that is the whole story. The purchasing power is very high in this country. I have been personally amazed that the demand has remained as strong as it is, in view of the very rapidly advancing price.

Q. Well I would like to make sure you have given us all of the answer which you wanted to give. Do you think that is the whole determining factor?—A. Yes.

Q. The quantity available in relation to demand?—A. In relation to demand, yes.

Q. You will excuse me if I ask you a further question to clear my own mind. When you give that answer do you mean to infer that the price which you pay to the farmer has nothing to do with the situation?—A. It has everything to do with it.

Q. That is another factor in the price is it not?—A. It is a reflection of the conditions in relation to supply and demand.

By Mr. Lesage:

Q. What you mean is you have to pay more for cattle on account of the supply situation?—A. Yes. In connection with that I think it is worth mentioning—and I do not think it has been mentioned before this committee previously—every purchase of live stock is a trade. The packer always tries to buy his live stock as cheaply as he can. At any one time there is a recognized level of which both sellers and buyers are aware. For instance, when a lot of cattle is brought to market the cattle commission man who is selling those animals knows within 25 cents a hundred what he is going to get for them. The packer buyer knows within 25 cents a hundred what he is going to pay for them. The commission man starts by asking a little more than he expects to get and the packer starts by offering a little less than he expects to pay. That is the way every head of live stock in the country is bought—on that kind of a trade. So far as the packer is concerned he has been resisting this advance at the source because the packing

industry is paying 2 cents a pound more for steers today and not because it wishes to do so. The packers have resisted that advance at every stage, step by step, but the thing which ultimately determines the level is the demand which exists in the country for beef. That demand has been surprisingly strong. whether it will continue and whether housewives will continue to pay those prices no one can say at this moment. For the present there is very little consumer resistance towards the advance in the price of beef.

Q. You mean, Mr. McLean, the packers are having difficulty now and they have had difficulty for the last three weeks in getting their supply of cattle? Is that what you mean?—A. Yes, perhaps that is hardly the whole thing. The supply of cattle is not less but the demand for beef itself is high and for that reason the market has been advancing.

Q. Mr. Dyde, can we find the figures on the trend of the reserves.

By Mr. Dyde:

Q. We will come to that, and I will be glad to be reminded of it in a few minutes because it will be a matter we will have to discuss, but before we went on to that particular point I wanted to make sure that I understand you, and that is what I was trying to do. When you were here before we had a discussion, you and I, about the price of beef and I said at one stage, why did you raise the price to $28 in the week of December 21; and your answer was, because the cattle market was advancing. And then I asked you, you mean you were paying more for cattle? and your answer was, yes, that is always the case. Are you saying the same thing today, or is that the same thing that you are telling me?—A. Well, it is the same thing fundamentally. You asked why the packer raised the price on beef. Now, as a matter of fact, the packer does not raise the price on beef. I am just modifying that, I am not changing it. But I am expressing the fact a little more clearly. Every sale of beef, and each sale of beef, is a matter of cattle trading—there are no standard prices, there are no prices worked out as average prices for the various brands of beef. You have that on page 68, as an example, those are the average prices—costs—by weights; and that is a general guide as to what we ask for the beef; but any sale of beef, every sale of beef that is made in Canada, and there are hundreds of thousands of them, are conducted in just the same way as I have described in regard to cattle. The packers salesman—the customer wanting red brand beef, the packers salesman asks him a certain price; and the butcher tells him something less—he says, well, I can buy from Swift's or from Wilsil's, or from Schneider's or one of the other companies, for so much. And that happens in every sale. Today, I thing probably the packing industry is a separate industry by itself in that respect. We have no standard prices nor do we raise the prices on beef. If you are thinking about lumber, for instance—or steel sheets, or a whole lot of other commodities which one might name—there is always a standard price and all trades are at that price. In the packing industry there is an entirely different situation; and I think with that explanation I can finish up the answer to your question by saying that in each case we get as much as we can, we buy the cattle as cheaply as we can and we sell beef for as much as we can.

Q. Yes, in that connection Mr. McLean you have just told us that the salesman asks a price?—A. Yes.

Q. Now, we have heard elsewhere, and not in your case; I mean it is not from evidence which you have given but from other witnesses, that the packer salesman does fix the price he has on a side of beef on his truck, and he visits the retail butcher and he says, the price that I am asking today is so and so? —A. For each trade, yes.

Q. And I have asked other witnesses how the salesman gets the information that he is to ask a certain price, because that to our minds has some effect on

what he will eventually get. Now, someone tells me that you take a certain price and someone in your institution tells them that. Is that not correct?—A. That is correct.

Q. How does the person who tells the salesman what he is to ask, that he is to ask a certain price for beef; how does he arrive at it, what factors does he look at in determining that price?—A. He is guided by the cost sheets on the beef. You have one of them in front of you. We brought it in this morning.

Q. So that what he does in determining the price, he takes a look at the costs?—A. Yes.

Q. And if the price he asks today is higher than the price he asked yesterday you would say it was because his costs are higher, would you not?—A. I imagine—yes, of course.

Q. So that the determining factor in the price that is asked by the salesman is not the quantity available but it is the cost?—A. Oh, no. The cost is determined by the quantity available.

Q. All right, so that at least— —A. That is all very simple economically.

Q. I know, but you just help us with it. We are seeking information; and you can consider that we are all, at least some of us, stupid people.—Oh, no; I have never said a word to suggest that. I may have queried or commented on one of your questions, but I have never suggested that, I think; even if I thought it, I am too old to do a thing like that.

Mr. LESAGE: I think it would be a good thing if you would go back to elementary principles and then we will have a better understanding of it.

Mr. DYDE: Yes, we certainly want to get that.

The WITNESS: If there is anything that I said which was disrespectful to this committee or to anybody here, I withdraw. I have just been endeavouring to do my best to explain the facts.

Mr. DYDE: There is nothing personal about this, Mr. McLean. I prefer if you regard me as a person who was stupid and would try to make it clear to me, just as clear as though I were a rather stupid person.

The WITNESS: Yes.

By Mr. Dyde:

Q. I am anxious to find out what the officer does who tells the salesman in the morning, we are going to ask more for our beef than we did yesterday?—A. We are sending wires to salesmen twice a day telling them about price changes.

Q. Yes, and that is done on the calculation—by people in your office, and the calculation is made on the day's costs?—A. That is hardly accurate. He has had an advancing livestock market, which the salesman knows each week—he knows what our average prices are, and if the market is advancing we wire him to advance his prices accordingly.

Q. Yes, but I am still a little stupid about this.—A. Remember, that is your word; it is not mine.

Q. What I want you to tell us is what figures we look at which correspond to the things that your officers look at when they determine what price the salesmen will ask?—A. I think I can clarify that. You see, this question, or this business of selling meat is a continuous operation . It involves our salesmen, and we may have 20, 30, 40 or 50 trades with each salesman each business day. The instruction to salesmen is mostly in the from of advancing prices or reducing prices. Within Canada Packers I suppose there are hundreds of thousands of transactions each day, buying and selling. In the total industry there would be many, many thousands. And if you stop to think about it you will realize that is the simplest way of doing it.

Q. It still is not clear. I happen to have been in a butcher shop. I did not spend much time there but I happen to have been there on occasion when a Packer's man came into the butcher shop and said beef is so much today. Now, there is a certain amount of jockeying, I agree, between the retailer and Packer salesman; but I think for the most part, you tell me if I am wrong, I think for the most part what the retailer does is to say either I can't afford it at all, or he takes it at the price that is offered?—A. Oh, no.

Q. That is not right?—A. Oh no. We have three or four hundred salesmen on the road every day. I suppose that in 90 per cent of the actual trades jockeying is the word which applies. But every sale is a trade. Now, I would not say that for instance with regard to butter. You can appreciate that that does not apply to butter because there is no discussion whatever about butter, there is a ceiling price, and that is the price. But in regard to meats what I have said is correct.

Q. Yes, all right. Now then, after that discussion, I am coming back to a remark you made a few minutes ago; that the prices at which you sold are the prices—excuse me, you said the price the consumer pays is determined by the quantity of cattle in relation to demand?—A. Yes.

Q. Now, it would help us would it not, if we look at the quantities available at any given date?—A. Yes.

Q. Would it not?—A. Yes.

Mr. Lesage: Mr. Dyde, before you pass this point I have some questions, if you don't mind.

Mr. Dyde: All right.

By Mr. Lesage:

Q. I want to have a clear understanding on that. Someone in your organization, your meat department manager shall we say, says that the price on red brand beef or any other brand of beef is going to be so much, that is what he tells your salesmen; and, that is based on cost?—A. Yes.

Q. Who makes the calculations?—A. Oh, we have a costing department which does that. All the livestock which is killed today is worked out and the cost of that meat is calculated that day before the staff leave the office that evening.

Q. And in that way a certain figure or a certain price is arrived at?—A. Yes.

Q. And you add a certain amount of profit, your instructions to your salesmen are to ask for that price or those prices?—A. That is right.

Q. And, are there any instructions to try to get more?—A. Always.

Q. Always?—A. Always.

Q. Instructions to salemen are to try to get as much as possible from the butcher?—A. Oh yes, that is the way the business is done.

Q. That is all right. Your cost is only one factor?—A. Well, I don't think that that is—cost, of course is a fundamental factor.

Q. It is a fundamental factor?—A. Yes.

Q. But then competition has something to do with it, hasn't it?—A. You see, what happens, Mr. Lesage, is this; on thousands of sales we sell for something less than cost and on thousands of others we sell for something more than cost, and each year the net result of it works out to what I have shown you, it is a small fraction of a cent a pound. Now, that has been going on. That is, in the packing industry no individual sale can be good because the price is too high and no individual sale is a bad sale because the price is too low. What happens is that you have, I was going to say a dual—you have a bargaining arrangement in between the saleman and the retailer with the result that sometimes the salesman will take too low a price on beef in order to get an order on something else.

Q. Which gives a good profit?—A. Yes. Of course, I do not need to tell you that one of the main objectives in conducting a business is to make a profit.

Q. That is clear. If you don't keep that objective in mind you would soon be out of business.—A. Quite right.

Q. But you are taking as much as the market will bear and still you are content with what you think is a reasonable profit. In some respects on beef you are taking a loss, but you are taking as much as the market will bear. The fundamental factor in your method of pricing is costs, but then they are sometimes not achieved because of conditions in the wholesale market. That is your method of pricing?—A. That is right.

By Mr. Mayhew:

Q. It seems to me that the principle of barter between your salesman who is on the road and each customer he visits is a pretty loose way of doing business, a rather dangerous way, is it not?—A. I think I should probably have called attention to one thing. I think Mr. Wright made reference to the same matter on a previous occasion. Someone made the remark that the salesman drives a wagon around and sells beef to the retailer. That is not what is done at all. The salesman goes around with an order book—we haven't got a single delivery wagon out with a salesman selling meat in all of our 300 or 400. We send a man with an order book and he takes orders and we reserve the privilege of refusing to fill an order if it is taken at an extremely low price.

Q. There would be a fairly good chance for a man taking orders making a little for himself on the side, wouldn't there? There would be bound to be opportunities for dishonesty, your salesman splitting with his customers?—A. Oh, yes; but actually that has not happened. I do not think we have had a case of that kind in ten years.

Q. Well then, that is a credit to the men who are selling for you, but it is not a credit to the system.—A. Oh, no; but I think if you knew every detail of the system you would think there was not much room for that.

By Mr. Lesage:

Q. I have nothing more to say on that. I notice on this page 67, you indicate the average cost of red brand steers. Is that your cost? Is that what you pay for them?—A. That is the cost of the red brand steers taken from our records at Toronto.

Q. What is the difference between a red brand steer and a choice steer?—A. Well, red brand steers are heavy steers that are of a type purchased in southern Alberta.

Q. What would they weigh?—A. 600 pounds and up. Red brand, though, has to do with body and not with weight. We have other types of red brand steers which we call baby steers. The highest price that is paid for any type of beef is for the red brand baby steer, which weighs from 375 to about 450 pounds.

The Acting Chairman: I wonder, Mr. McLean, if you would give us a definition of these different grades of cattle. Some of the members here may find it a little difficult to understand what is meant when you refer to red brand, blue brand, commercial and so on.

The Witness: Yes. Red brand is the top brand. A number of years ago, I suppose about 8 or 10 years ago, or maybe 15 years ago, in pursuance of a policy of grading food products which has been established so firmly in every branch of food products—eggs, butter, cheese—everything—the federal Department of Agriculture decided to establish two top brands—red brand for beef of the highest quality and blue brand for beef of the next highest quality.

(Mr. Maybank, vice-chairman, resumed the chair.)

By Mr. Mayhew:

Q. I went to the trouble of obtaining Toronto prices on choice steers for April 7 and 14. I notice that you say here on April 7 your price is $29.03—A. Yes.

Q. And on April 14 it is $29.24?—A. Yes.

Q. According to the information I received, the top price on Apirl 7 for choice steers was $17.10 and on April 14 it was $17.25?—A. Yes.

Q. How would you relate those figures to the figures which you have given?

Mr. Lesage: You are confusing the cost of the cattle with the cost price of beef. We have shown on page 67 the cost price of beef.

By Mr. Mayhew:

Q. This is not only the price when it is dressed but when it is cut into the different cuts?—A. Mr. Lesage has explained the situation. The price you have quoted is the price for live steers.

Q. Yes?—A. And this price corresponds with the price for dressed beef.

Mr. Dyde: Then the column is not correctly headed?

Mr. Mayhew: It results in a misunderstanding.

Mr. Dyde: You are talking about steers?

The Witness: "Steers" is the word used in respect of live animals and also in respect of beef.

Mr. Mayhew: We would want to know what has happened to the difference between $16.40 which was the lowest price—or $17.10—and these higher figures. We would want to know a little bit about where the difference is and it is a matter of $12 a hundred.

The Witness: That is similar to a question asked by Mr. Dyde when I was down here first. He called my attention to a certain week in which, according to the government report, the cost of live cattle had gone down but in the same week the price that we reported as the cost of our beef had gone up. That is what you are asking, is it?

The Vice-Chairman: Just a moment—was Mr. Dyde at that time speaking about a difference in price which was relatable to the steer in a different shape, because Mr. Mayhew and you are dealing with a difference in price which has resulted from the steer being slaughtered. I do not believe Mr. Dyde was dealing with that point?

Mr. Lesage: The question is shown at page 2171, Mr. Maybank. I will read it:—

> Q. Now, we have an exhibit of the Live Stock Review and I notice on November 27 you were paying the farmer $14.74?—A. On what date?
>
> Q. On December 27, and in that week you were paying the farmer $14.74; and in the week of December 31 you were paying the farmer $14.54—a drop of 20 cents. In the same week you raised your wholesale price from $26.50 to $28.

The Vice-Chairman: There is quite a difference between that line of inquiry and the line which Mr. Mayhew is pursuing.

The Witness: I must have misunderstood the question—I thought it was the same. I was told the price of steers was moving down but the price of beef was moving up—

By Mr. Mayhew:

Q. I am not talking about movement at all. These are two different quotations entirely, and you are quoting dressed beef?—A. Yes.

Q. Whole carcasses of beef?—A. Yes.

Q. At $29.03?—A. Yes.

Q. And I say at that date the price at Toronto $16.40 to $17.10?—A. Yes.

Q. Mr. Dyde's remark about us being stupid fellows would apply here?—A. No, there is nobody stupid here and I am not surprised at your confusion in the face of this tremendous detail. If you will turn to page 57 of the binder you will see how the cost of dressed beef is arrived at from the cost of live cattle. It will only take a moment to explain the general method of calculating the cost. The first example concerns thirty steers. The live weight is 35,390; the value paid $5,174.82. When those cattle were slaughtered the value of the by-products was $697.41. We sell those by-products elsewhere and receive that much money, so that the cost of the beef is $5,174.82 less the price realized from the by-products of $697.41, giving a net price of $4,477.41. However, there are expenses in connection with the buying, slaughtering, and selling the beef, which amount to $1.65 per hundred pounds, or on the thirty steers, to $311.85. The cost of the beef including the expenses is $4,789.26; the dressed weight is 18,900 pounds; the net cost is $18,900 divided into $4,789.26, which gives a figure of $25.34. That is the manner in which the live costs are converted to dressed costs.

Mr. Dyde: I think we saw, when we were considering that page before, that the expenses throughout all the samples on pages 57 and 58 were taken at $1.65 per hundred pounds?

The Witness: Yes.

Mr. Mayhew: If we took this method of calculation and applied it to the figures which I have given to you we should arrive at practically the same result?

The Witness: That is correct.

By Mr. Dyde:

Q. There is still another factor there, Mr. McLean, which I would like you to clear for me. We have already referred to page 2171 and we were there concerned about the wholesale price increase. I was referring to good butcher steers, and you told me that was not a correct way of proceeding and hence you have my request to bring the material shown on page 67. I now find that although the price of good butcher steers at the date in question went down, and I am speaking now of the last few days in December, your cost of red brand beef increased from December 24 to December 31. I believe it increased from $27.89 to $28.13?—A. Yes.

Q. Now would you explain what the increased cost was and how it came about that red brand was costing more on December 31 than on December 24. I remind you as far as any figures we have are concerned, we have seen that the farmer received a little less for his cattle in that same period.—A. To begin with, I would like to give a general answer and then I would like to give a particular answer to that question. Having already explained the way the business is carried on, the way cattle are bought and the way beef is sold—it might occur in any week that our buyers did an ususually good job and our sellers did an unusually good job. Therefore, the cost of the cattle would go down and the cost of the beef would go up just a fraction. That might happen.

Q. How does it happen?—A. Just because the buyers do an unusually good job of buying cattle a little below the market and the sellers do an unusually good job of selling beef a little above the market.

By Mr. Mayhew:

Q. Are your salesmen on commission or salary?—A. Salary.

Q. Purely salary?—A. Yes. I looked up the facts in connection with that week and it would be an unusual situation but I want to explain what might happen. In the case to which you have called my attention, the weeks of December 17 to December 24, the cost of live cattle as reported at December 17 was $14.74.

Mr. Dyde: The date should be December 27 should it not?

Mr. Irvine: No, the 17th.

Mr. Lesage: The 27th.

The Witness: I had the dates wrong. On December 24 you quoted from the Live Stock Review and the weeks do not correspond exactly. Our dates are dependent upon our accounting system.

By Mr. Dyde:

Q. Yes?—A. In that week live cattle are reported as going down from $14.74 to $14.54, and in the same week our prices are quoted as going up.

Q. Yes?—A. In that week you probably did not notice that the number of cattle of that grade which were sold was 36. Now that in itself is probably the explanation. There was a general trend upwards from December 1 or November 26 rather, to January 7. That is a period of six weeks and there was an advance from $13.27 to $15.11. I am quoting from the table which you used.

Q. Can you give us the figures on the number of animals bought in each grade?—A. Yes

Q. We have not received those figures at all.—A. No, but we will give you those.

Q. I think we had better get them so the members of the committee will know of what we are speaking.—A. For the week ending December 27—

Q. Yes, but I would like to know where we can most conveniently put these figures into our record. Perhaps page 67 would be the place?—A. It is a different grade of cattle.

Q. Would you tell me what page on which to conveniently put the figures?—A. Page 67 would be all right. Page 60 would be all right too.

Mr. Lesage: I see that on page 67 the first column is entitled "average cost of red brand steers", which has no relation to cattle at all. It is beef we have on page 67.

The Witness: Yes.

Mr. Lesage: And I understand that good butcher steers may turn out to be either red brand blue brand, or commercial.

The Witness: That is right.

Mr. Lesage: Then I do not see much relation.

Mr. Irvine: Might there not even be sausages in there?

By Mr. Lesage:

Q. I do not see any relation between the cattle bought and the brand indicated here?—A. At the moment, I am answering the question raised by Mr. Dyde respecting the fact that in a certain week in December the price of live cattle went down and the price of steers went up.

Q. That is not what I am discussing. I am discussing where we should put these figures.—A. Page 60 would be all right, and so would page 67.

By Mr. Dyde:

Q. All right, let us put the figures on page 67.—A. All right.

Q. You are going to give us the number of a certain type of cattle which were purchased over a period. What kind of animals are we now talking about?

Mr. IRVINE: Hogs.

The WITNESS: These are the animals.

By Mr. Dyde:

Q. Good steers?—A. Good steers, 1,050 down.

Q. Good steers, 1,050 down, and it shows the number you purchased, is that correct?—A. No, this shows the number that were on the market in that week when the price was $14.74.

Q. You are going to give me these figures for a period?—A. Here they are.

Q. Would you mind reading them so we can put them in?—A. I think it would be better if I had this copied.

Q. I think we can start to put them in now?—A. Shall we commence with the 6th of December?

Q. Give me the first figure you have.—A. I have November 29.

Q. All right.—A. The number of cattle on the market of that grade was 216.

Q. What grade, good steers, 1,050 down?—A. Yes.

Q. This is the governing type of animal and this is the type of animal to which you called my attention. We are now talking about a question you asked of me and I am trying to explain.

Mr. MAYHEW: Would these be choice steers?

The WITNESS: No, not choice steers; they are good steers, 1,050 down. There might be some red brand beef out of these but there would not be much.

Mr. PINARD: The rest would be blue brand and commercial?

The WITNESS: There would be blue and commercial.

By Mr. Dyde:

Q. I do not want you to give us figures which are not going to be of help to us. I thought you made some point in your answer to me regarding the number of steers and that number was to be related to the fact you were charging more and that your costs were more. If we are going to get into another type of animal there is no point in having this done.—A. I am making an explanation in regard to the two types of animal about which you yourself questioned me?

Q. That is quite correct, but I still return to my old question as to why, in that particular week, the cost went up, and this is something that we can learn. In that particular week, good steers, 1,050 down, were being purchased from the farmer at a slightly lower price but you were selling your beef at a higher price. Now what kind of animal do you wish to tell me about which will explain that situation?—A. I want to tell you about the kind of animal about which you asked.

Q. No, no. You tell me the kind of animal that will explain that situation? —A. Look here, I cannot give you an answer at all unless you stop interrupting.

By the Vice-Chairman:

Q. Just a moment, Mr. McLean.—A. Every time—

Q. Wait a minute, please. You were not interrupted except that there was some exhibition of humour from the way you and Mr. Dyde had not actually joined in your thinking. You were not interrupted, and you were not prevented from answering by any interruption, except that you had to wait 30 seconds for the titter to die down.—A. Then, suppose I ask to be allowed to go over this from the beginning. Remember, I think it is a very trivial point.

Q. If you will stop just for a second, I think you will realize that answer or statement was not helpful. There cannot, surely, between you and I, be any argument with respect to that matter. Naturally it was not a helpful response so we will let it pass.

Mr. LESAGE: Just let the witness answer the question which Mr. Dyde has put.

Mr. HARKNESS: Mr. Chairman, I think the witness should be allowed to go ahead and give the explanation. He says he thinks it is not an important point but—

The VICE-CHAIRMAN: Now, gentlemen, we have arrived at this point. Mr. McLean has said, let us start from the beginning again. That is just what he was going to do and that is what the chair intended to allow him to do. The chair did say that a certain expression he used was really not helpful and that is where we stand at the moment. Mr. McLean agrees, so now, Mr. McLean, would you proceed?

The WITNESS: All right. The question that Mr. Dyde has asked me is based on these facts. In a certain week the price of cattle went down 20 cents per hundred pounds, that is ⅕ of a cent a pound, and in that same week the price of beef, as we reported it, went up.

Mr. DYDE: You should now tell us why?

The WITNESS: It went from $26.50 to $28.00.

Mr. LESAGE: That is red brand.

The WITNESS: Red brand beef.

Mr. LESAGE: And the other brands of beef did go up too?

The VICE-CHAIRMAN: It was red brand about which we started to speak first.

Mr. IRVINE: If we are going to hear Mr. McLean, for goodness sakes let us hear him.

Mr. HARKNESS: Let us hear the witness instead of interrupting.

Mr. LESAGE: We must state the question clearly.

The VICE-CHAIRMAN: Come, gentlemen, do not start defending yourselves, one from the other. Each person who does so is only interrupting. Please go ahead, Mr. McLean.

The WITNESS: On the face of it, that seems a very natural question to ask of me. Why did the price of beef jump 1½ cents a pound when the price of cattle went down ⅕ cent a pound? I looked up the facts thoroughly. The facts are that the live prices are quoted in respect of one class of cattle, good steers, 1,050 down. Red brand beef is another class of cattle which has very little contact with good steers, 1,050 down. However, Mr. Dyde's question is still a valid one because all grades of beef are supposed to go up and down together. Now, in regard to the live quotation from $14.74 to $14.54, I would say that was an accidental week and that is an accidental quotation, as you will see if you examine the record. Within five weeks the price of that grade of cattle advanced on the market from $13.27 to $15.11, an advance of $1.84. The equivalent advance on dressed beef would be about ¾ of a cent a pound. Now the reason that there was a temporary bulge is this. The price of live cattle was advancing and there was a temporary bulge and then a decline. There were almost no cattle on the market that week. I will read the five or six weeks' deliveries—the number of cattle on the market.

Mr. DYDE: What grade is this?

The WITNESS: Live steers, 1,050 down. The figures are 216, 202, 190, 168, and coming to the week about which you speak the figure is 36. In the following week the figure is 178, and the week after that it is 460. You can see it was a natural thing in a week where there were so few cattle that the price should advance.

By Mr. Lesage:

Q. Advance or go down?—A. Pardon?

Q. Is that the reason it advanced or went down?—A. That is the reason the price advanced in that specific week. Here is the movement of the market which is steadily upward, as you will see by examining the price week after week. In one week there were almost no cattle at all and the graph, instead of going up steadily, bulged at that point. I think that is a complete explanation of the drop from $14.74 to $14.54.

The VICE-CHAIRMAN: Am I to understand that by reason of there not being many cattle on the market the tendency was for the price to go up.

Some Hon. MEMBERS: To go down?

By the Vice-Chairman:

Q. I am asking the question. The tendency was for the price to go up, and the line you indicated was an upward line?—A. The price advanced $1.87 in five weeks.

Q. Would you attribute that to the fact there were not many cattle on the market? I may be wrong, but I understood you to say there came a week when there were even fewer cattle on the market?—A. Almost none.

Q. The figure was 36, and when that week came the price dropped down to the figure? The price did not continue upward but it dropped down? Is that what you are saying?—A. No, the price took a special advance—

Q. Yes?—A.—and in the following week it came down to the normal trend.

Mr. LESAGE: Right.

By the Vice-Chairman:

Q. After that week it straightened out and followed the same tendency?—A. Yes.

Q. As before?—A. That is right.

Q. That was not my recollection of the way the discussion started. I thought the discussion started because of the phenomenon that you had been buying cheap and selling dear, and you were being asked the explanation. From the way you are speaking now you were not buying and selling dear but in fact the price was advancing and you were buying dearer? Is that right?—A. That is right.

Q. Then there would not appear to be anything to explain? It would appear that you had to advance pour price, your selling price, and also your buying price was advancing. Mr. Dyde quoted figures which indicated the opposite situation.—A. Yes, but you must always keep in mind—and I do not think it has ever been put before this committee until this morning—that every sale and purchase in an individual transaction by itself. In a single day you may have quite a wide variation in prices for the same quality beef.

Q. I feel sure that has been indicated many times to the committee. I think that knowledge appears in the questions asked by the members. It may not appear in ever question but the figures used, and particularly the market figures, are average figures and they would not be average figures unless what you have been saying is true.

Mr. LESAGE: May I pursue my line of questioning?

The VICE-CHAIRMAN: Does Mr. Dyde wish to continue?

Mr. DYDE: Not at the moment.

Mr. LESAGE: I will ask to continue?

The VICE-CHAIRMAN: Yes.

By Mr. Lesage:

Q. I want to be clear on this. You say the accidental drop of 1/5 of a cent a pound in the cattle market in that particular week was due to the fact there were only 36 cattle offered?—A. No.

Q. That is what you said?—A. The bulge in the trend was caused by the 36 cattle but the following week there were 178 cattle. The price then dropped to $14.54—20 cents lower. The low deliveries caused the advance in the trend.

Q. How many cattle were on the market in the week of the drop? What was the supply of cattle during the week of the drop?—A. 136.

Q 136?—A. No, 178.

Q. That is the week ending—? A. January 3.

Q. January 3?—A. Right.

Q. We were talking about the week ending January 27?—A. No, December 27.

Q. December 27, yes?—A. December 27, was 14·74.

Q. Yes?—A. That is the week when there were only 36 cattle. The following week, January 3, there were 178 cattle and the prices dropped to 14.54,

Mr. Pinard: There were less steers?

The Witness: No.

By Mr. Lesage:

Q. I would like to get that as clear as we can.

Mr. Irvine: Is it reasonable to say that 100 steers on the entire cattle market in Canada would make that difference?

The Witness: Well, this is on one market.

The Vice-Chairman: This was not the Canadian market, this was on a particular market.

Mr. Irvine: Oh yes, Toronto; but even so that seems to be a small number of cattle to make such a change in price.

The Witness: You are quite right, but that is only on one grade of cattle.

By Mr. Lesage:

Q. That would be the reduction. But you had given two reasons. You were giving reasons for the increase in price; what was the number of cattle coming down, you had given two; you said, first, we are comparing good butcher steers to red brand; and, second, that the reduction was accidental. Now, is there any other reason?—A. There is none other that occurs to me. If it had been last week there might have been something else, another factor that would enter into it. I don't know whether I made it clear, whether I gave succeeded in making it clear that thousands of things happen in the buying and selling of cattle and in the buying and selling of beef that are very difficult to explain by a simple rule for the reason that each transaction is a separate transaction and there are no standards.

Q. And there is a third reason, and that third reason is that instructions to your salesmen are to get as much as they can; and you agree that that is the main reason for the increase in price in that particular week, it was not because the market was variable. Is that correct?—A. Well—

The Vice-Chairman: Instructions always are, are they not, to buy as cheaply as possible and to sell as dear as possible?

The Witness: If you would be willing to let me leave that just at that, that the salesman gets as much as he can, and the buyer when he is on the market buys cattle just as cheaply as he can.

By Mr. Lesage:

Q. That is right, and that is the main reason for what happened at that time; that even although the price of cattle did not go up you were still able to get a higher price on the market for your beef; and you could buy the cattle at a lower price, and that had nothing to do with cost.—A. That is an over-statement, Mr. Lesage. There is an established level all the time.

Q. Yes, that is true, but this particular accident had nothing to do with cost?—A. No, none whatever.

The VICE-CHAIRMAN: In this period you experienced good fortune above what you experienced in some other similar periods in the pursuit of your policy of buying cheap and selling dear. Isn't that what it comes down to?

The WITNESS: That is what it comes down to.

By Mr. Harkness:

Q. Mr. McLean, from what I know of the cattle business there may be another factor here which might have a bearing on the cost to you of your red brand beef. I think you told us before in evidence that most of your red brand beef is secured from the usual sources. Is that correct?—A. Yes.

Q. Some of it comes direct from feeders and ranches?—A. Yes.

Q. Now, what proportion of the choice steers do you buy on the livestock market, what proportion do you buy not in the livestock market; in other words, what proportion of it is purchased from ranchers and large feeders and so on?—A. That varies—are you finished?

Q. For the moment. I have another question.—A. It varies considerably from one season to another. In the fall of the year when cattle are being marketed we buy quite a large proportion of our best steers on the market. In the spring of the year, for instance at this time, we buy probably half of our choice steers on the market and the balance we buy from feeders in the country.

Q. That is the point I wanted to get at.—A. I tried to buy his steers the last time he was down here.

Q. What is that?

The VICE-CHAIRMAN: You should have raised your voice.

By Mr. Harkness:

Q. The point is this, you do buy a large proportion of your choice steers from which you get red brand beef not on the livestock market?—A. That is correct.

Q. You buy them from the individual feeders, ranchers and so forth? —A. Yes.

Q. And in most instances the prices you buy are ordinarily higher than hose quoted on the market? Is that correct?—A. Ask Mr. McCubbin.

Q. No, I am asking you, Mr. McLean.—A. No, I do not think that is orrect. They are bought as a rule very close to the market. People who wish o get their cattle on to the market say that the packers go out and pay more to feeder than they are willing to pay on the market—and they do that at times—n the other hand, the feeder people take the other view, they always say that e are trying to buy cattle too cheap. The fact of the matter is that we buy very lot as cheaply as we can. And, to answer you question, I think there very little difference—I would say there was no difference in the level that we ay for the class that we obtain from the two sources.

Q. What I am thinking of particularly is this; during last fall a lot of cross attle came off the grass and were sold at the highest price which had ever been eceived for grass cattle. I refer to the Cross ranch in Alberta, and I think the rice paid was $16.70, something like that—A. That is right.

Q. And at that time the prices quoted in the Calgary Livestock Exchange for choice steers was considerably below that.

The VICE-CHAIRMAN: Was the purchase made f.o.b. the ranch or marketed through the exchange, do you remember?

Mr. HARKNESS: It would be loaded on cars at the shipping point nearest the ranch which I think is Manir. As a matter of fact, in that particular case the shipping point was close to the Cross ranch.

The WITNESS: Yes.

Mr. HARKNESS: There is this particular case I know of, and I know of quite a number of others, on which the price paid to the ranchers was materially above that quoted as the market price of the Calgary Livestock Exchange, and I am wondering what effect that has on the cost to you of your red brand beef. As I understand your evidence so far, you say it is not very much because there is not much difference between those prices. As I say, I happen to know of individual cases, and a number of them where there was a material difference. —A. We were extremely anxious to get this class of cattle.

Q. I heard you took a beating on them.—A. Well—

Mr. IRVINE: Do cross cattle cost more than tame ones? Are these very cross cattle? Maybe that would explain the whole thing.

The WITNESS: They are good cattle, and we paid a pretty good price for those cattle. They were an extremely good run of cattle.

By Mr. Harkness:

Q. I know they were very good cattle. But the general point I am trying to get at is the quoted price on these markets is not a complete indication of what it costs, what the cost to you is for red brand or blue brand beef, or any other type of beef for that matter. You may be able to buy them cheaper than the quoted price by buying them direct; or you may, as in this case, have paid considerably more than the quoted price on the market.—A. You know the Cross cattle. We got 800 Cross cattle, that would have a very important effect on our price for that week.

Q. Yes.—A. And as a matter of fact they were pretty dear. I hope Mr Cross will not resent my saying that.

Q. That was the point which I thought should be brought out here, Mr Chairman; that the quoted prices on this market is not completely indicative of what the cost of any particular type of beef may be to the packer.

The VICE-CHAIRMAN: Taking it by and large, is there any feature of your dealings that makes the quoted price that we have here non-applicable to your business; or, in general, are we justified, as you have already stated I think one time before, in accepting the quoted prices?

The WITNESS: Oh, no—in the main, yes.

The VICE-CHAIRMAN: And what Mr. Harkness has been referring to is as you would say, an exceptional instance. Is that correct?

The WITNESS: The cost of the Cross beef would be included in these averages. As a matter of fact, they are in this table somewhere—I forget what the date of the shipment was.

Mr. HARKNESS: In that particular case it would probably average out if you got a particularly good price from one feeder that would bring your price average down.

Mr. IRVINE: Surely, Mr. Chairman, we have to go by these figures.

The VICE-CHAIRMAN: There is not much, surely, in what Mr. Harkness is suggesting. They are an indication that in your business—I am not saying

it is not true; I mean, there is no real influence on your business by a few cross cattle purchased, is there?

The WITNESS: Oh, no. We buy dear cattle and we buy cheap cattle. They are all in here.

Mr. IRVINE: And you take these to be exceptional good cattle, and if they have been sold on the market you might not have had to pay so much for them. Is that it?

The WITNESS: Yes.

The VICE-CHAIRMAN: When you pay more than the average it would go up, and when you pay less than the average it would come down; and that is the same as in any other experience. Averages work the same way with everybody, don't they?

The WITNESS: Quite right. I am hoping to bring the cost of beef down a little by buying more cheap steers up in western Canada.

The VICE-CHAIRMAN: Mr. McCubbin, how about that?

Mr. McCUBBIN: You are going to have a hard time trying to buy my beef.

The VICE-CHAIRMAN: You fellows better get an arbitrator in the person of the chairman to act for you both, gentlemen.

Are there any other questions?

Mr. DYDE: I would like to come, Mr. McLean, to the period which is we may say of recent application; namely, the period where the housewife finds herself paying more for beef in the last few days. This has been going on and we haven't any exact figures, but we do know the prices are up in the last few days; and would you help us, with reference to your own figures, in explaining the cause of this recent increase? Refer to any figures of your own that you may care to refer to, or to any details that you care to refer to, and give us an explanation for this recent increase.

Mr. MAYHEW: You have not changed your salesmen, have you?

Mr. LESAGE: I think, Mr. Dyde, when you were questioning Mr. McLean as to why the price of cattle was going up you referred to the fact that it was because of the supply and demand situation. I think we were at that point.

Mr. DYDE: Yes, we were; and I would be glad, if you wish to pursue that, if you would do so before I go on to this recent matter.

Mr. LESAGE: You were questioning Mr. McLean as to the underlying reasons for the recent increase in price, and he said he is paying more for cattle, and the reason he was paying more for cattle was because the supply was not up to the demand.

Mr. DYDE: Yes, and I want to be sure that we have a good explanation that we can follow as to this recent increase.

By Mr. Dyde:

Q. You did give us a certain statement Mr. McLean, earlier today when you referred to the available quantities, and I would like you to tell us about that. Is it the available quantities which has caused the recent increase in prices?—A. Yes.

Q. Is that right?—A. Yes, supply in relation to purchasing power and purchasing desire.

Q. Yes, but we must relate it to the quantity available and we must also have some consideration for the demand. Is that correct?—A. Oh, yes.

Q. Now, could you indicate to us how the quantity available has affected your figures? Has the quantity available gone down?—A. The killings have gone down some, but they are still surprisingly high—inspected slaughterings.

Q. Yes?—A. And in spite of that the demand was not sufficient to supply the demand for the beef.

Q. The consumer is demanding beef and the quantities are remaining high, and the reason therefore for the fact that the prices have gone up is—and you correct me if I am wrong—is that the consumer is demanding and is willing to pay a high price and you are ready to sell at the very highest that can be obtained?—A. Yes.

Q. Is that the explanation?—A. Yes.

Q. So that really it is consumer demand in the last few days that has caused the increase?—A. There is one rather important factor which has not been mentioned; that is, the supply of cattle is not so plentiful as it would be indicated by current inspected killings as compared to last year.

Q. In what way?—A. Inspected killings, I think, right along have been higher than last year, and the reason for that is that last year we were still under controls and a very large proportion of cattle was being handled by the black market operators.

Mr. LESAGE: Accidental operations.

The WITNESS: Yes, accidental operations. Now, this year, these people have no advantages. They have to sell the meat at the same price as the inspected killers who are going to get more for their by-products than does the merely accidental operator. That is one of the reasons why a higher proportion of the cattle being marketed are being processed by the inspected houses. Now, in comparing the supply this year with the supply last year, because of these accidental slaughterings, one is liable to get a wrong impression as to the relative supply this year and last from that fact.

Mr. DYDE: Could we examine March of 1948, and April of 1948, to see what happened; if the supplies, as comparing these two months, materially varied or altered.

The WITNESS: Your question is?

The VICE-CHAIRMAN: Compare March and April of 1948.

Mr. DYDE: Yes, as to the available supply.

The WITNESS: There is very little difference in price.

By Mr. Dyde:

Q. So that in March of 1948, and in April of 1948, you had very little variation in your supplies?—A. That is with respect to inspected slaughterings, something around 24,000 each week.

Mr. DYDE: That bears out our exhibit, together with the information that I supplied to the committee yesterday. I show that in March, for the week ending March 20, it was 25,000 odd inspected slaughterings, the week ending March 27, it was 20,000 odd; April 3, there were 21,000 odd; April 10, there were 22,000 odd; April 17, there were 24,000 odd; April 24, 24,000 odd.

Mr. MAYHEW: Mr. Dyde, would this not be the time to see what the reserve stocks are in order to find out what their effect has been in keeping prices up?

Mr. DYDE: I was going to open that subject, but not before 1 o'clock.

Mr. THATCHER: I have a very short question.

The VICE-CHAIRMAN: Wait just a minute till Mr. Dyde finishes.

Mr. DYDE: I am not quite finished.

The VICE-CHAIRMAN: There was a question right there, you see.

Mr. THATCHER: All right.

By Mr. Dyde:

Q. This recent price increase—we have got the fact now, Mr. McLean, that the slaughterings are not materially different for March and April, actually;

actually I think that the slaughterings have increased a little say in April if anything?—A. That is correct.

Q. Now then, what is the factor which has resulted in the increase in the selling price?—A. I should think the chief factor is the one that Mr. Mayhew has called our attention to. In March there were considerable reserves of frozen beef in the freezer which we brought out, and that has recently, I think up to now, been pretty well exhausted.

Q. Now, I think you better—I just want to put you on your guard about that, Mr. McLean, because we have had figures with regard to storage stocks and I would be glad to show you that between now and 4 o'clock so that we would not be at cross purposes. We might leave aside storage for the moment. Do you think that is the reason?—A. I would like—remember, I am talking about something that I am not entirely in contact with. May I ask Mr. Hall if I am right on that?

The VICE-CHAIRMAN: Why not do it this way; why not assume that the stocks the existence of which you have suggested do not exist, and if that assumption turns out to be wrong it can be taken care of at 4 o'clock. I say that for the reason I think you will find that assumption is incorrect.

The WITNESS: I doubt if it is.

The VICE-CHAIRMAN: It may not be. You might assume that it is not the case and then follow it up later.

The WITNESS: Probably I had better look at the facts.

Mr. LESAGE: Maybe we had better wait for his answer until 4 o'clock and Mr. McLean can study the situation between now and 4 o'clock and give us whatever reasons he thinks are good then for this recent increase. The consumers do not understand it.

Mr. THATCHER: Can I ask my question now, Mr. Chairman?

The VICE-CHAIRMAN: I think perhaps it would be just as well to give Mr. McLean an opportunity to go into that between now and afternoon sitting. Now, Mr. Thatcher has a short question he wants to ask.

By Mr. Thatcher:

Q. A question I have not got clear in my mind is one which goes back to a week ago in regard to the fact that you said that your profits for the year were something like 1/7th of a cent per pound. I believe that was the figure you gave, and you said you thought that was a very modest figure. What I would like to try to do is to relate that to your invested capital and see what per cent you actually made on your investment. If my figures are correct, from your balance sheet your invested capital as of last year was $15,511,960, plus your profits for last year less dividends, of $1,178,000; or, in other words, your invested capital at the end of March would be $16,689,000. Am I right when I make that statement? You would have your balance sheet there, I think.—A. How do you get the $15,000,000?

Q. Well, your authorized share capital account.—A. Oh yes, I see.

Q. And your surplus?—A. That is correct.

Q. According to these figures which you gave us.—A. Wait a minute, the $15,000,000 is from the figures—but that is not our capital.

Q. What other figure would be your invested capital?—A. There is $15,511,960, there is also the $5,000,000—

Q. Now, it would not be fair to take that into invested capital, would it?—A. Oh, yes.

Q. Because last week you said in your evidence that that was more or less a bookkeeping entry, that you did not give any cash for that when you purchased the companies?—A. Oh, but it is invested capital all the same.

The VICE-CHAIRMAN: What was that again?

Mr. THATCHER: You did not invest any capital to get it.

The VICE-CHAIRMAN: Is that the inventory increase; rather, I should say the appraisal increase?

Mr. THATCHER: When the company was originally formed Canada Packers apparently bought assets at a figure which Mr. McLean says was less than it was really worth.

The VICE-CHAIRMAN: Yes.

Mr. THATCHER: And they wrote up their assets on this $5,600,000.

The WITNESS: No, we didn't write up the assets at all.

The VICE-CHAIRMAN: Isn't it this, you paid $15,000,000, and when you took another look at what you had bought you said it was worth more and you recorded it on the books for what it was worth. Isn't that about the way that developed?

The WITNESS: Mr. Chairman, I want to be frank. This question has been raised and the answer to it may be very important to us, as Mr. Thatcher realizes, because his political friends have been publishing these facts—

Mr. THATCHER: We do not want to be unfair.

The WITNESS: If he is willing I would rather postpone my answer until this afternoon.

Mr. THATCHER: All right.

The VICE-CHAIRMAN: I am quite sure there would not be in the few minutes now sufficient time to go into it before adjournment.

By Mr. Lesage:

Q. Before you call it one o'clock, Mr. Chairman; Mr. McLean, I refer you to page 68—that is one of those which was distributed to us this morning—and to page 67. On page 67, you give us first the average cost and then the average wholesale selling price for red brand beef in Toronto?—A. Yes.

Q. Now, on page 68, you give the average selling price per hundred pounds for blue brand and commercial?—A. Yes.

Q. It looks to me as if on the red brand you were losing money practically every week, and I would like to know if that holds true also with respect to blue brand and commercial?—A. I should think it would.

Q. If you have the figures you might give them to us at 4 o'clock. That is why I asked the question now.—A. Yes. I will see if we can get this for you.

The VICE-CHAIRMAN: Just before we adjourn I would like to make this statement with reference to the questions put by Mr. Thatcher that have been deferred for answering at 4 o'clock. I want to point out that we are here to consider questions related to price rises, with the word "recent" in front.

Mr. THATCHER: I did not want any figures back of last year.

The VICE-CHAIRMAN: Just a moment. The question which was asked related to something which had occurred quite a number of years ago.

Mr. THATCHER: No, Mr. Chairman.

The VICE-CHAIRMAN: Never mind. I think you said he purchased these companies at a price of $15,000,000, and at that time they revalued certain assets. Certainly, those are two different things. Out of that there developed a difference of opinion between the witness and Mr. Thatcher as to whether a certain transaction should be taken as a capital investment. Now, I just want to say that if questions relating to instances as far back as that are to be allowed at all they will surely have to shape off from any discussion as to what ought to be in and what ought not to be in. It is simply enough for them to take an answer based on what the witness thinks ought to be in; and then if

one thinks that something is neglected and in danger it is simply enough for that person to detect that and produce the new figure. You see what I mean?

Mr. THATCHER: Yes.

The VICE-CHAIRMAN: I am very doubtful whether questions relating to incidents as far back as the purchase from Griffiths have anything to do with the recent price rise. I am sure if such questions are to be allowed they must be shorn of all controversial elements.

Mr. THATCHER: All I want is a straight figure and I think it is a fair question. I do not think it is an embarrassing question.

The VICE-CHAIRMAN: It is not to my mind a question of whether it is fair or embarrassing.

Mr. THATCHER: I will object most strenuously if you rule it out of order.

The VICE-CHAIRMAN: I know that whenever questions are ruled out of order there are very strenuous objections because if we were all in agreement questions would not have to be ruled out of order.

Mr. IRVINE: May I offer a suggestion on this matter. Any charge, capital or otherwise, which enters into the prices to be charged the public or which must be paid by the public in order to make the business run, must have an effect on prices.

The VICE-CHAIRMAN: You are quite right, but you could also go as far as to say that everything which has happened in the development of civilization of Able who, I think, was the first fellow to raise herds. The question is too far altogether away from these present months.

Mr. IRVINE: This is not too far back. These are immediate charges which apply to January, February, and all the rest of the recent months.

The VICE-CHAIRMAN: We will see when the questions come up, but I think we have been delving back too far in relation to some of these matters.

The meeting adjourned to meet again this afternoon at 4.00 p.m.

AFTERNOON SESSION

The Committee resumed at 4 p.m. The Chairman, Honourable Paul Martin, presided.

J. S. McLean, President, Canada Packers Limited, recalled.

Mr. THATCHER: I was in the middle of a point when we adjourned. May I pursue that point?

The CHAIRMAN: That is the point Mr. Maybank was telling me about.

By Mr. Thatcher:

Q. Are you ready on that, Mr. McLean? Have you your balance sheet handy there? We were trying to get at the figure which is your invested capital at the moment, March, 1948.—A. Yes.

Q. And the figure, as far as I can see, is $16,689,960. Am I correct in that or am I not—A. I do not think so. You say—

Q. $16,689,960. That is your figure for 1947 plus your earnings for 1948, less dividends you have paid. Is that not the way you would arrive at it?—A. Yes—well, suppose we deal with it as at the date of this balance sheet. That is what I have done. Then we can make adjustments.

Q. All right.—A. The invested capital as at the 27th of March, 1947—that is the date of this balance sheet—the figure that appears here is $15,511,960, plus the surplus on appraisals, $5,663,432, plus the amount of depreciation set up which was not allowed in excess of the depreciation allowed by the government. I explained that in some detail at an earlier meeting. That amount is $6,315,000. Those three items amount to $27,490,392. That is what I consider is the shareholders' investment as revealed by this balance sheet.

Q. Mr. McLean, the chairman told me this morning I could not argue with you much of this point, but the first point I want to make is that as to your surplus on appraisals you did not pay anything for that $5,663,000, and I cannot see how you take that into your investments. Before you answer that I wish to refer you to page 2210 of the evidence. I will cite question and answer.

> "Q. Well then the point is that when you bought the company you did not pay anything for these assets?—A. Didn't what?
>
> Q. Pay anything for these assets, assets amounting to $5,663,000. You did not give any consideration?—A. No."

In view of that I do not see how you can include that in your invested capital.—A. You are talking of two different things.

The CHAIRMAN: I was made aware of what went on this morning. We have to form our own deductions, but do you not think that is about all you can say?

Mr. THATCHER: All right.

The CHAIRMAN: Mr. McLean says one thing and you say it should be another thing. We will have to decide for ourselves in what way the percentage of profit might be altered.

The WITNESS: Mr. Chairman, I would like to say one word more in vindication of my figure.

The CHAIRMAN: The only thing I am worrying about is that if I let you I will have one difficult time restraining Mr. Thatcher.

Mr. THATCHER: Let Mr. McLean go on.

Mr. MAYBANK: Just a moment before that is done. The matter came up while I was in the chair this morning. Later on Mr. Thatcher and I had a discussion in which we came to see eye to eye.

The CHAIRMAN: That would be an achievement, I think.

Mr. MAYBANK: That is not the least bit difficult with two reasonable people. So it looks to me that, just as you have indicated, if there is any difference of opinion as to what ought to be in the capital figure one can take it one way and one the other, and it is only an arithmetical problem for Mr. Thatcher. I submit that puts us in the position that it is not necessary to pursue whether Mr. McLean's set-up is as it should be or whether it is not. If Mr. McLean goes on, as he says, into a vindication it seems to me almost certain we will get further questioning on it. I do not think he needs to vindicate it.

The WITNESS: I would be very disappointed if I could not say that other word.

Mr. THATCHER: Go ahead; I will not pursue it.

The CHAIRMAN: You say you will not pursue it.

Mr. IRVINE: I may want to.

The CHAIRMAN: Oh, no, you would not. I could get you to do anything.

Mr. THATCHER: All right, we will start from there. May I proceed with my argument as I see the figures?

Mr. MAYBANK: Argument?

The CHAIRMAN: No.

Mr. THATCHER: Not argument, my questioning as I see it.

The CHAIRMAN: I cannot stop you from questioning.

Mr. THATCHER: All right, thank you, Mr. Chairman.

The CHAIRMAN: I think you will agree with the suggestion made by Mr. Maybank, will you not, Mr. McLean?

The WITNESS: All right. I am going to have dinner as Mr. Thatcher's guest and I will give it to him then.

By Mr. Thatcher:

Q. Mr. McLean, the invested capital at March 31, 1948, as I thought it was, was $16,000,000 odd. Then you mentioned those other figures. I would not have thought that the depreciation figure would come into it, but whether it should or not according to the page you distributed this morning your net profit was $6,444,000 before inventory reserve, income taxes and bonus.

Mr. LESAGE: What period?

Mr. THATCHER: For 1948.

The WITNESS: That is not net profit, gross profit.

By Mr. Thatcher:

Q. Yes. Of that your bonus would come out, that is $1,500,000, to get your net profit, but I think that is the only figure that fairly should come out of there.—A. No.

Q. Your inventory reserve was profit.—A. Let that go. I will accept that as profit, but what about taxes?

Q. I was going to come to that. That has to come out, too, but let us say profits before taxes. Put it that way.—A. Yes.

Q. And as far as your depreciation is concerned you stated that when you were last here the government disallowed $330,000 of that depreciation, and therefore your net income last year before taxes was $5,274,000. That is before taxes.—A. What?

Q. $5,274,000.—A. Which page are you reading from?

Q. That is in the sheet you distributed this morning.—A. That is 44(A). That is in column 3; $6,444,000 less your bonus, which makes it $4,944,000, plus depreciation, which would make it $5,274,000, that is, before taxes.—A. No. Your taxes are charged on your business.

Q. I will admit that.—A. I will go with you. I know you understand it perfectly, but you must not set up taxes as part of profits. If you are talking about net profits, let us talk about net profits. I accept the 626. We had a perfect right to deal with that as a profit if we wished to do so.

Q. Yes. When the packers say they made 1/7 of a cent a pound profit, it does not sound very much; but when there are a lot of pounds, and it is related to the investment, then it is a pretty heavy profit.

According to my figures, your return last year, before taxes, would be 31·6 per cent of your investment; and after taxes, about 18·6 per cent.—A. Please do not say that. I have been precluded from verifying the figure I gave you of $27,000,000. That is the correct shareholders' equity in the company; and the net profit was $2,738,000, and that is about seven per cent.

Q. I won't accept that.

The CHAIRMAN: Where does that sort of question get us.

Mr. THATCHER: You say: "where does it get us?"

The CHAIRMAN: I am concerned about the sort of problem we were dealing with yesterday.

Mr. THATCHER: I am finished now, but I believe the packers have made fairly substantial profits as related to their investment. I think it gives a false

picture when you use it that way. I think that profits have something to do with prices.

The CHAIRMAN: You and I want to keep down prices if we can.

Mr. THATCHER: Yes.

The CHAIRMAN: But prices are rising now in regard to meats. The one thing we would like to find out is why they are rising and what we can do to stop it. And I think if we can address ourselves to that type of question, the consumers would be very grateful to us.

By Mr. Thatcher:

Q. Relative to the investment of Canada Packers, and the other packers, very substantial profits were made; and I think Mr. McLean should be allowed to put his point of view forward?—A. I think I should. If you take profits before taxes, before all these deductions, and take a profit of $6·4 million, that profit is the equivalent to only one-third of a cent a pound. That is a profit before taxes, before bonus, or dividends, and before inventory reserve; and that profit is only one-third of a cent.

By Mr. Lesage:

Q. No, half a cent.—A. I apologize; it is half a cent. I was looking at the figure below. It is half a cent a pound. Now, whatever you say, I am not disputing that the shareholders of Canada Packers get a satisfactoy return on their investment or, at any rate, they make a satisfactory net profit on their investment. I do not dispute that at all and I do not apologize for it; but I do say that if all the profits of Canada Packers were applied to reducing the cost of meat to the housewives of Canada, it would never be known about.

By Mr. Thatcher:

Q. Just one more question, Mr. Chairman. Would there be any possibility of Canada doing something like the big steel companies have done in the United States: just automatically giving leadership in cutting prices in the hope that others would follow. Would that be possible for the packing industry?—A. I think that is a perfectly fair question. We have many times discussed what could be done, but all we have to play with is one-third of a cent per pound.

Mr. MAYBANK: Or one-half cent.

The WITNESS: There has never been a word of comment on it in this committee; but the fact that Canada Packers pays $1½ million in bonuses to its people, and $1,000,000 to its shareholders as dividends, is, I suggest, leadership of a kind and I should think that the political group which claims most to follow ideals would be the first to recognize that.

The CHAIRMAN: What do you mean by that?

Mr. MAYBANK: He means that each political group makes that claim.

By Mr. Irvine:

Q. Supposing it were true that you had included in your capital $5,600,000 more than you put in, and make a charge on that from your income from the business?—A. Yes.

Q. If that were eliminated, that $5,600,000, it might give you a little more than 1/7 of a cent to play with?—A. Yes, quite true.

Q. Suppose Canada Packers said, for a month we will try this: we will automatically cut the prices five per cent. Now, if industry all across Canada followed that voluntarily, they might lose temporarily, but they might obviate the necessity of our getting back to control. Do you think their losses would be so terrific that it would not be possible?—A. The average sale price of our

meats, at the present time, is about 40 cents a pound, or let us say, let us say well within the mark of 30 cents. Now, five per cent on that would mean one and one-half cents; and, as our net profit is one-half cent a pound, we would go broke in six months.

Mr. MAYBANK: If other things remained equal.

By Mr. Thatcher:

Q. Would that not mean, automatically, that the prices you paid to the producers would go down a little bit?—A. That is another thing altogether. You are asking me if it is Canada Packers' function. Remember, I told you this morning how we operate; and I do not think there is any other way of operating. We buy as cheaply as we can and we sell our meat for as much as we can get for it; and if we elected to reduce prices on our meat one-half cent a pound, I do not know.

If I should go to Mr. McCubbin to buy his steers, he would say: that is your business; and I will get all the market will justify me in getting. That is the same type of question I was asked before: why couldn't you reduce the price of butter ten cents a pound? I do not think it is possible. In fact, I am certain it is not possible.

Q. All right!

By Mr. Lesage:

Q. When you say that your profit before taxes and investment reserve was one-half cent a pound, it includes one-half cent a pound on all the stock of feed that you sell by the ton?—A. Every transaction in the business, all the by-products, and every department comes back into the business in these final figures.

Q. On a volume of 1,447 million pounds that you sold in 1948, how much was for commodities that are sold by the ton? You see what I mean? There is a difference when you say by the ton or by the pound. If you take a half cent profit on what you sell by the ton, it would be on quite a small fraction; it would only be two commodities, fertilizer and feed. I can have a calculation of that made up. Mr. Child can calculate that and I can give it to you before the end of the afternoon.

Q. It would be a small proportion?—A. It would be a small proportion.

By Mr. Maybank:

Q. But it is in there also, in the figures given to Mr. Thatcher?

By Mr. Lesage:

Q. When Mr. McLean was here two or three weeks ago, he said there were four departments. But if he was asked, he did not have the poundage of each department. We do not have it.—A. I have the poundage of each department, but the department in which these come contains other products that are sold by the pound.

Q. Well then, what is the poundage of that department?—A. The poundage of that department is 575 million pounds; a little less than one-third.

Q. No, it is a little over one-third?—A. A little over one-third, that is right. That includes—the answer is 200,000 tons, that is, fertilizer plus meat.

Q. It would be about 400 million pounds; it would be more than one-third?—A. No, a little less than one-third.

Q. A little less than one-third; what is the total volume?—A. Well here are the articles included in that division: shortening, soap, fish, feeds, fertilizer, and wool; and then we have our two American houses, at Chicago and New York.

Q. It is quite all right. How much was sold by the ton? Oh, I have it; the profit of one-half cent a pound. What is sold by the ton, is sold at quite a good profit, is it not, Mr. McLean? Is it not a good profit, one-half cent a pound on what is sold by the ton?—A. The profit on the stuff sold by the ton is very much less than that.

Q. Yes; but when you say your average profit is one-half cent a pound, you distribute it on the sales at so much a ton?—A. That is right.

Q. So I think if we take out those commodities which are sold by the ton— —A. That is right.

Q. —and take that out of those figures here and take only, for them, what is reasonable; and if we distribute— —A. That is correct.

Q. —the balance to the others, we may get three-quarters of a cent a pound.—A. No.

Q. Because as it looks to me, for instance, you did take a profit before inventory reserve, income taxes and bonus, of about one-half cent a pound; that is what you have here; about one-half of what you have here, and instead of having 6,444,000, you had $3,000,000 profit. You could have reduced, I believe, the price of your beef to your clients by one-half cent a pound?—A. Oh, no; well, if we paid no taxes.

Q. I am talking before taxes; because, if you have a profit, before inventory reserve, of $3,000,000 instead of $6,000,000, you will pay less taxes?—A. Of course. But you remember, I think, that one of the most useful functions that the packing industry performs in the national economy is that it is the instrument through which the appropriate taxes are collected on the live stock, on the total live stock inventory.

Q. What you said there may be argued; but I am especially interested as a member of this committee, from the consumers' angle. I wonder if you had sold to your clients generally at an average of one-quarter of a cent less, might it not have meant a general reduction of an average of one-half a cent to the consumer all the year round on each pound of meat?—A. I perfectly understand the argument you are making.

Q. I am not blaming you and I know what the situation is.—A. Yes, but you can eliminate the tonnage business, the 200,000 tons or 400,000,000 pounds and you will have left 1 billion pounds.

Q. Yes?—A. Our total profit—and you want me to deal with the $6,000,000.

Q. Yes.—A. $6,444,000, and taking off the 400,000,000 pounds the volume is reduced to 1 billion pounds and the profit is reduced by $400,000 to $6,000,000.

Q. That is it.—A. Now you see, a profit of $6,000,000 on 1 billion pounds is $\frac{3}{5}$ of a cent per pound.

Q. A little more than half?—A. $\frac{3}{5}$.

Q. ·6?—A. That is the basis upon which taxes are paid.

Q. That is before taxes?—A. Before taxes and that is what you have to play with. That is the total.

Q. What I do not agree with is when you say the only thing you have to play with is 1/7 of a cent. I think the figure should be taken before inventory reserve and taxes?—A. I fully admit that approach and that is why we set the figures up in this fashion.

Q. You said that a few minutes ago.—A. It was done in anticipation of this very attitude.

Q. What I said is still true, however? You could have reduced the price of your beef to your clients by a $\frac{1}{4}$ of a cent a pound on the average and you would still have made a profit of $3,000,000?—A. No, no.

Q. At a $\frac{1}{4}$ of a cent a pound?—A. That is if you retain all your profits instead of distributing them. You always must pay taxes.

Q. I am speaking of before taxes?—A. If you made no profits—

Mr. MAYBANK: It is right to speak of it before taxes because if you distributed it you would not have a profit and if you did not have a profit you would pay no taxes. There are a lot of ifs included but that is the point.

The WITNESS: I do not know but I think I understand fully the suggestion you are making, Mr. Lesage. You are saying "why do you not, if you can, reduce the price a ¼ of a cent a pound and you would still have a satisfactory return on your investment"?

Mr. MAYBANK: That is it.

By Mr. Lesage:

Q. Yes.—A. The only way I know, and the only way of which anybody else knows to run this business is to buy cattle as cheaply as you can and to sell them for as much as you can get. If you started to take off a ¼ of a cent a pound you would be pretty bewildered.

Q. If you pursue this policy too far where will we get?—A. We are talking about the cost of living and if there has been anything made clear by these figures it is the fact that the housewives today are complaining not about a ¼ of a cent a pound advance but the fact that prices are twice as high as they were in 1939.

Q. Right.—A. They are complaining of an increase of 15 or 20 cents a pound and of what interest is a ¼ of a cent a pound?

Q. A ¼ of a cent here, a ¼ of a cent there, and a ½ a cent there, when it reaches the consumer level means perhaps 2, 3, or 4 cents, and I think 2, 3, or 4 cents a pound on meat and butter and things of that sort is certainly important to the consumer.—A. I assure you I am trying to be helpful and to explore the possibilities. What would you do? You have to go to a customer and go through this bargaining. The salesman is asking a certain price and finally a bargain is worked out and when it is all over the salesman says "that is not the price at which I am going to sell to you, the price will be a ¼ of a cent per pound less". Do you think that is a feasible thing?

Q. No.—A. That is the only way it could be done.

Q. Mr. McLean, if a policy along the lines you have expounded, that is of buying as cheaply as possible and selling at as high a price as possible is pursued, do you not think, in our system of free economy, the over-all application of such a principle might be dangerous?—A. I am glad you have asked that question.

Q. I am frank about it, and I am afraid of that principle for the sake of our own free economy.

Mr. THATCHER: So am I.

Mr. LESAGE: You are not afraid of it; that is what you want, but I am afraid of that, sir.

The WITNESS: I am glad you asked that question. I was 72 years old last Saturday and I have been in packing business for 48 years. I have more confidence in the soundness of the competitive system of doing business today than I have ever had. There is nothing else which keeps institutions, companies, and individuals as sound as the situation where there is genuine competition. I heard a man make a comment once in reply to the suggestion that competition would drive us back into the jungle, and his comment was that it was competition that brought us out of the jungle. That was a very fundamental saying.

Mr. IRVINE: When did we get out of the jungle?

By Mr. Lesage:

Q. If I may continue, Mr. McLean, I understand you to say that the advocation of the principle which you have expounded, that is buying as cheaply as possible and selling for as much as possible is not dangerous for the future of our system because competition is always there as a check?—A. That is what I say, and I believe it more firmly today than I have ever believed it. The only danger we face in our existing system is the elimination of competition.

Mr. THATCHER: Competition has raised the price of meat.

By Mr. Lesage:

Q. I wanted you to make your statement, Mr. McLean, because this morning when you expounded that principle you did not qualify the explanation and you did not say the application of such a system was always checked by competition.—A. It is.

Q. If all enterprises were conducted on a basis of having in mind only the application of the principle of buying as cheaply as possible and selling at a price which is as high as possible without any check, it would be dangerous?—A. I do not think so, I think there is a safeguard.

Q. The safeguard is competition?—A. The safeguard of the whole system is unrestricted free and open competition.

Mr. IRVINE: Mr. McLean, may I ask a question here. Would you think as much of the system of which you are speaking now—

The CHAIRMAN: I should perhaps have interrupted before but it is not our economic system which is under review by this committee, it is the recent rise in prices.

Mr. IRVINE: Of course, and the rise in prices is the little child of the system and I do not see how you can separate them.

The CHAIRMAN: I do not think there is much chance of this committee changing our economic system.

Mr. IRVINE: We might find that is the only way of checking the increase in price, because if it is true, as we are told, that you cannot reduce prices and that they are at bedrock now with a margin of only 1/7 of a cent per pound, then there is no such thing as a high price and those who think there are high prices are just crazy.

Mr. MAYBANK: It is all metaphysical.

Mr. IRVINE: I want to ask whether you, if you were a housewife, would think as much of the system as you do now as a packer—a manager and an owner?

Mr. MAYBANK: Might I ask you this—

Mr. IRVINE: Let us wait for his answer.

Mr. MAYBANK: I just want him to answer this at the same time, if he would.

Mr. THATCHER: That is not fair at all.

Mr. MAYBANK: Would you add to that, if you would not sooner have it under the socialist system of Russia.

Mr. IRVINE: You can get your answer later on. I am asking the witness when he speaks about the soundness of this system and being convinced of it, whether it was more easy for him to be convinced as a packer than it would be for him to be convinced as a housewife buying beef.

Mr. BEAUDRY: Mr. Chairman, I would like to raise a point of order; that is assuming that Canada Packers and Mr. McLean have complete control over the situation, that there are no other factors involved.

Mr. Irvine: No, it is not assuming anything. It arises out of a statement made by the witness.

Mr. Beaudry: We can question Canada Packers on that in so far as it applies to them, but I do not think we could go any further than that.

Mr. Maybank: Before he answers the question at all, have you read that book called "Turnabout"? It will assist you in imagining yourself a housewife. Would he still consider it as desirable if a housewife were the packer and if he, the packer, were in the position of the housewife.

Mr. Irvine: What does it need to turn about the housewife for?

Mr. Thatcher: Mr. Chairman, I am not going to talk about a system—

Mr. Irvine: I haven't got an answer to my question.

The Witness: I want to answer it but I have not had a chance. I am very anxious to answer that.

Mr. Irvine: Good.

The Witness: Speaking about books; my favourite textbook on economics is "Make this my Canada".

The Chairman: Who is the author of that?

The Witness: There are a couple of gentlemen here who perhaps could tell you, who could answer your question. The housewife is dissatisfied with prices. There is no doubt about that. All these prices are brought about by world conditions. It is only fifteen years since the prices, since the same system brought about prices that were being complained about because they were too low; and, of course, they were too low. Everybody looking back on it recognizes that. And everybody recognizes that prices are abnormally high now and can't remain at this level for any length of time. But what is the best way of dealing with it, this thing that we are all talking about.

The Chairman: At the moment.

The Witness: And the best way is the way in which we are dealing with it. Under controls we all know what happened. Now, those controls were necessary in wartime and I am as much in favour of them as anybody, but that is not the way by which to get a satisfactory adjustment. We will never have a perfect system, of course. We all recognize that; but the quickest way to get back is to let the law of supply and demand operate.

Mr. Thatcher: Mr. Chairman, may I ask a question of Mr. McLean there? Are you through, Mr. Irvine?

Mr. Irvine: I might as well be, I guess.

Mr. Maybank: Sure.

Mr. Thatcher: Mr. McLean made the statement a moment ago that he thought these prices would be brought down by competition., but is it not a fact that since we have had competition during the last six months prices have gone up considerably so that they are again abnormal; and, is not that a condition which is likely to continue with conditions in the world being as abnormal as they are and that is a condition under which the law of supply and demand is not allowed to function properly. In view of that is not the only way we can get prices down and get supply keeping up with demand, is not the only way we can do that by having ceilings put back on?

Mr. McCubbin: Are you insinuating that you want to have ceilings back on to hold the producers prices down?

Mr. Thatcher: Certainly. I want to know whether or not that would not be the best way to do it. Mr. McLean has stated that competition is the way he thinks prices can be brought down. That has been tried and it has not done it., is not doing it. I suggest that you can't do it for the next year or so, so long as this abnormal demand exists.

The WITNESS: I hope it will not be so long as that. It may be. Suppose you are going to reimpose ceilings, there are half a dozen questions that you have to solve right at the start that are far more difficult than the ones facing you now; and, at what level are you going to impose them; and, how are you going to enforce them. You know as well as I do that if they are too high they give no relief to the housewife and if they are too low they are violated by the black market. The reintroduction of controls would bring you far more problems than you are facing now.

Mr. THATCHER: But it would probably get the price of meat down, just what this committee was supposed to do.

Mr. MCCUBBIN: And the price to the producer would go down.

Mr. THATCHER: You could take care of him by putting your subsidy back on.

The CHAIRMAN: Order, gentlemen. Let's put questions now and we can have argument later. Mr. McLean, if you could help us in our problem I think we would appreciate it. Could we address ourselves to that?

Mr. MAYBANK: I would like to ask a question on a completely different point whenever you are ready.

The CHAIRMAN: I just want to get us on to one track we were on yesterday; which I then thought and still think will lead us to an answer to this thing; I think we ought to pursue it at some point as quickly as possible.

Mr. DYDE: Mr. Chairman, we were at a point at adjournment at 1 o'clock where we were about to focus discussion on certain matters which would be directly connected with that, and we still have to do it.

Mr. IRVINE: I suggest we do it, Mr. Chairman.

The CHAIRMAN: Well, we had before us yesterday—has every member a copy of this (indicating)—this is a sheet of figures which was givn to us by the Dominion Bureau of Statistics entitled "cold storage holdings of meat".

Mr. MAYBANK: That is what I was coming to.

By Mr. Maybank:

Q. This is just a general question, Mr. McLean, about the storage of meat. Would it be correct to say that in the storage of meat to any considerable extent meat is held off the domestic market. Would that be a correct statement?—A. No, it would be more accurate to say, taken off. You see, when food products are stored they are taken off the market at the time when there is an over supply and they are restored to the market at a time when there is a shortage of supply.

Q. At any rate it is for that reason they are stored?—A. That is right.

Q. Whether the second move occurs or whether it does not, they are taken off and kept off the market for a period of time?—A. Yes.

Q. And that was as far as I was going at the moment. Looking at it just in that period would it be right to say that the tendency of taking this off the market and holding it off the market for a period would be either to raise prices or keep them up; would that be correct?—A. The tendency is to raise the price at the time the meat is stored and to reduce the price—

Q. Yes. I am only dealing with the first part of it. I am not disputing what I think you would have said.—A. Yes.

Q. Well now, what would you say about a situation of this sort. These figures which were handed out yesterday, from the Dominion Bureau of Statistics with respect to the condition in April of last year shows that we had in storage at that time 16,000,000 pounds. This April we have 35·9, and in between, after the storage dropped to a low in August it began upward, and one recession went as high as 42·9, and 45·7. It has been dropping down somewhat to this still very high figures of 35·9?—A. Yes.

Q. Now, just by itself, that very great increase in stored meat which has been held off the market a length of time, would not the effect of that be to raise prices?—A. No, just the opposite. These storage figures, to begin with, are the statistics of all the meat which is in cold storage in Canada and they include—that is to say all the beef, but they include the current stocks that we are going though, the current kill.

Q. In April, 1947, the statement which you have just made was also true, was it not?—A. Yes.

Q. And again in the month of July—I am just picking them at random—1947, that statement was still true. In January of this year and April, what you stated a moment ago would be true in respect to each month?—A. That is right.

Q. Then, that being the case, we have a great increase in storage over that period?—A. It does seem like a surprising increase. The chief explanation is that these figures are principally from inspected houses. Last year, in April, the inspected houses were doing very much less than their normal percentage of the meat trade.

Q. Yes, you dealt with that this morning. You would say, when we read the statistics since the removal of controls, we have to have some reserve in doing so?—A. Yes.

Q. Because you say, when we had controls, we also had black markets respecting which there were not statistics supplied by the black marketeers; that is the point?—A. Yes. I recognize your interest in this. Mr. Dyde gave us this sheet this morning. While I cannot give you any analysis of the total figures, I have our own figures here. We telephoned and got these.

Q. Now, just before dealing with them and dealing with this question of the black marketeer, you have warned us to read these figures for all 1947 and up until April of this year with some reserve?—A. Yes.

Q. Bearing in mind that, in the earlier part of that period, the black marketeer was at work?—A. Yes.

Q. Now, Mr. McLean, if that were the only explanation for this great increase in storage, it would be tantamount to saying that probably more than half of the beef in April, May and June of last year, more than half of the beef in Canada, was actually handled by the black market. It would amount to that, if that were the only point?—A. That is right.

Q. Because, you see, the figures a year ago are 16, 16, 14, 13 and in September there is a rise to 19 and a drop to 12 in October.

Mr. LESAGE: That is the strike period.

By Mr. Maybank:

Q. That is the strike period. We stop there, for a moment, at September. If you compare these figures with 1942, 1943, 1945, 1939 and 1935, it would appear that you are committing yourself to the proposition that more than half of our meat would be handled by the black market? I know you have not said that. I said, if that is the only point, then you would be committing yourself to that proposition?—A. I said that was the chief difference between April of last year and April of this year.

Q. You think that is the chief difference?—A. Yes, I think so.

Q. Then, you really are practically saying that in the control period half or more than half was handled by the black market?—A. I think, probably, there are other important factors. One very important one is the meat board purchases for England.

By Mr. Lesage:

Q. Frozen beef?—A. Yes.

Mr. LESAGE: Mr. Maybank, we have another source of information which breaks down the frozen beef figures.

Mr. MAYBANK: Yes, I know there is another sheet which will give us the amount held for the meat board.

Mr. LESAGE: So far as fresh beef is concerned, on April 1, 1948, it is 8,000,000 pounds and on the 1st of April, 1947, it was just a little more than 4,000,000 pounds, so the same proportion is there, too.

Mr. DYDE: I think we ought to clear up one point and that is that Mr. Pearsall told us it was not frozen beef that went to the meat board. He must have it five days, at least, while it is fresh.

Mr. LESAGE: I was quoting from the cold storage holdings of meat, April 1, 1948.

The WITNESS: I had this in my mind. I asked Mr. Hall to telephone the Bureau of Statistics, since I knew this was coming up, and get a breakdown of the stocks on April 1, last year and April 1 of this year. I have it here.

By Mr. Maybank:

Q. A breakdown in regard to beef because, so far, we have only been speaking about beef?—A. Yes, this is beef.

Q. That is to say you would be giving a breakdown of April of this year and a breakdown of April of last year?

Mr. LESAGE: I think we have it.

Mr. DYDE: It is on the document which was distributed to the members yesterday at the same time Mr. Lafleur put in his material.

Mr. MCCUBBIN: May I ask a question?

By Mr. Maybank:

Q. I am just waiting for an answer.—A. I think this breakdown really gives you the information you are looking for. Remember, I cannot interpret all these figures. I am seeing them now for the first time. Here is the breakdown; this year, 35,890,000; last year, 16,819,000.

Here is the fresh beef. This year—do you care to put these figures down? This year, 10,126,000; last year, 4,785,000. For frozen beef, it is divided into two groups, bone in and boneless. This year, 20,409,000.

Q. This is what?—A. Frozen.

Mr. LESAGE: The two groups together?

The WITNESS: Yes. 20,409,000; last year, 8,298,000. Cured and in cure, that is barrel beef; this year, 1,174,000; last year, 1,276,000. Fancy meats, livers, tongues, hearts, tripe, and so on, this year 4,181,000; last year, 1,682,000.

Mr. MAYBANK: Higher last year.

The CHAIRMAN: No, higher this year.

Mr. MAYBANK: I thought you said 4,000,000 and 6,000,000.

The CHAIRMAN: 4,181,000 in 1948.

The WITNESS: 4,181,000 this year and last year 1,612,000.

Mr. LESAGE: I suppose the difference between the figures for this year that Mr. McLean has given now and the ones we have here arises from the fact that what we have here are preliminary figures and what he is giving now are revised figures.

Mr. DYDE: Mr. Lafleur explained yesterday that his figures are being revised all the time. The figure he gave us in the mimeographed sheet is the total revised figure.

The WITNESS: You see this does throw some light on the problem. In fresh beef there is in circulation, in process of going through the houses, 10,000,000

this year and 4,700,000 last year. The chief difference comes in the next item, this year 20,400,000 and last year 8,298,000.

By Mr. Maybank:

Q. Just stop there for a moment. We have more frozen meat. What would have happened to it if we had not frozen it.—A. It would probably have gone to the meat board for export. Freezer cold storages are full all the time.

Q. Suppose it had been thrown on the market?—A. It would have depressed—

Q. It would have depressed the price?—A. Oh, yes.

Q. And as a matter of fact it was put in—and you would presume others did the same who operate the same as you—to prevent a price depression?—A. Well, that is the effect of it. That always happens when there is a surplus of any kind of food. It is put into storage to the extent storage is available.

Q. Let us put it this way, perhaps it was put in to prevent a price depression, and perhaps also to bring about a price depression or to prevent a price increase at some later time. Would that not be right?—A. I would rather you would modify the phrasing of that because it seems that you believe the policy is determined by the processors. That is not the case. This always happens.

Q. I was not suggesting that it was determined by the processors, and I did not have any particular person in mind in my question.—A. No. If that had happened, if this had not been stored as it was, the price would have gone to the floor at which the meat board would take meat for export. It would not have gone below that. It would have held at that floor.

Q. How much of a drop would that have permitted?—A. Oh, I do not remember. It would vary from week to week.

Q. Can you give us an approximation?—A. One or two cents perhaps.

By Mr. Lesage:

Q. One or two cents; that is on a whole carcass?—A. Yes.

Q. But when you come to the various cuts of beef it would be much more than that?—A. A much wider spread.

Q. On a T-bone steak it would be about 8 to 10 cents?—A. Yes.

By Mr. Maybank:

Q. So that it comes to this that if the meat had not been stored, no matter who is responsible for the storing, the tendency would have been for a drop in price?—A. A drop in price.

Q. But it would not have dropped below what the meat board was willing to pay?—A. That is the floor.

Q. And you would suggest that price drop prevented by storage would have approximated a couple of cents?—A. Yes.

Q. And that, of course, is a couple of cents talking of this meat as a carcass and not in its very considerable number of cuts?—A. Yes.

Q. In the case of all these cuts there would have been a drop of 2 cents at least, and in the case of some of the cuts a very great deal more. Would that be correct?—A. Yes.

Q. So it would be correct to say, would it not, that if it had not been for this greater storage the price would probably have been less. Is that a correct statement?—A. Well, I think that is a correct statement. Remember I am speaking of very intricate matters.

Q. I realize you are giving opinionative evidence now.—A. That is right.

Q. Of course, you have given that out of your not quite 72 years of experience, but I gather from what you have said you started in at this business very early in life.—A. Yes, and I am giving it—

Q. You have a reasonably long experience in this business?—A. Oh, yes.

Q. And you say that if it had not been for this storage that it is reasonable to suppose it would have resulted in a couple of cents reduction, talking of a carcass?—A. Yes, but I am speaking now entirely from memory. I think you would find the price at no time went below the floor and during the time of heavy production varied from 1 to 2 cents above the floor.

Q. And your opinion in that one respect, of course, can be tested by examination of statistics over the period for which you take no responsibility; is that right?—A. Yes.

Mr. McCUBBIN: Mr. Chairman,—

By Mr. Maybank:

Q. I was not quite through with that. I do not want to go over this point by point because we have not the exact knowledge in front of us for it, but may I ask you this? To what extent in your business did you contribute to this 35·9 storage in this month?—A. 35,900,000. I have those figures.

Q. The figures we have been dealing with begin with April a year ago and end with this April and deal with beef, and take in all the people who stored beef?—A. Yes.

Q. As one of the people who store beef you are going to give me the same figures relating to you?—A. Yes. It is from the reports that are turned in that these figures of the bureau are compiled.

Mr. LESAGE: May I suggest that we can find the same figures for this company at page 30 of the brief.

Mr. MAYBANK: Is it already set out at page 30 of the brief?

Mr. DYDE: No, it is not already set out but it has got inventory figures.

Mr. MAYBANK: Oh, yes, but Mr. McLean is going to give us specific figures that bear on these months with relation to the paper which is in front of us.

The WITNESS: Yes. These are our figures turned in.

By Mr. Maybank:

Q. This only relates to beef, the same as in the first column of the D.B.S. statement we have been examining?—A. That is right. These are given for the 22nd of October, 1946 and 1947; December, 1946 and 1947; January, 1947 and 1948; February, 1947 and 1948; and I have March. That is the end of March or the 5th of April.

Q. You have gone into 1946. I have not so far said anything about that.

Mr. LESAGE: He was telling the committee that what we have on page 30 is what he has just said.

The CHAIRMAN: But Mr. Maybank has been trying to restrict it and bring it right down to date. He is asking with regard to April of this year, what portion of that is his contribution.

Mr. MAYBANK: Yes, that is correct, except that first it is April of last year.

The CHAIRMAN: April of last year first.

By Mr. Maybank:

Q. Can you give that or is your compilation a little different? What did you contribute to the storage of beef in April of last year?—A. We have not got that.

Q. What have you nearest to that?—A. I have got April of this year and I have got—

Q. What have you of last year?—A. Here it is, the 25th of February, 1947.

Q. That would correspond to the February figure which is a total of 23·7.

The CHAIRMAN: It would not help us though.

The WITNESS: The total last year was 3,157,000 and the total this year is 10,103,000.

The CHAIRMAN: Is that April of both years?

Mr. LESAGE: No, February 25.

The CHAIRMAN: That does not help us very much.

By Mr. Maybank:

Q. Let us hold this if we can to the date respecting which I am asking the question. Can you tell me what your contribution was to the storage of beef in the month of April last year.—A. I have not got it. I have April of this year.

Q. Let me ask this question. There are figures turned in every month at least by cold storages as to what they have. Are there also figures turned in to D.B.S. by you as a packing house?—A. Yes.

Q. Then this figure of 16 for April of last year must be a composite of what you supplied as well as some others?—A. That is right.

Q. But whatever you supplied to D.B.S. for April of last year you have not it before you now?—A. No. You are not looking at page 30?

Q. I am not looking at page 30 at all.—A. If you would you would understand the answer to the question. Please let me tell you.

Q. I thought you had.—A. No. I have not. These are the figures that Mr. Dyde asked us to supply, and they do not include April of last year. Am I right?

Mr. DYDE: That is correct.

The WITNESS: But it is a very easy matter to get April of last year.

By Mr. Maybank:

Q. Do not misunderstand me. I am not offering any criticism because you do not have the figures, but I will now explain to you why I asked the question in the way I did. I understood you to say you had obtained these figures during noon and you had at that time a paper in your hand.—A. I got them for April of this year but I did not get them for April of last year.

Q. Your remark was that, knowing this matter was coming up you had secured certain figures from the Dominion Bureau of Statistics?—A. Yes.

Q. But you did not secure from the Dominion Bureau of Statistics corresponding figures that we might relate to this table on which I have been examining you?—A. No. I got a breakdown of our figures for the first of April of this year, but not for last year.

Q. I see. All right then; perhaps we might see how close 30 brings us to that.

Mr. MERRITT: I think it would be helpful if Mr. McLean gave us the figures that he has, and we could ask for any more figures that we wanted.

By Mr. Maybank:

Q. All right; what is your April, 1948 total?—A. Our total was 10,103,000 pounds.

Q. Out of a total in storage of 35·9 million pounds, yours is 10,103,000 pounds?—A. Ours is 10,103,000 pounds.

Q. That is April of this year, is it not?—A. That is the end of March; it is the figure we turned in for their April 1 report.

Mr. DYDE: The confusing thing is that it is exactly the same for February 25, unless there is some mistake.

By Mr. Lesage:

Q. That is why I would point that out?—A. I guess it must be. The first of March—I have got that instead of April; that is cleary what it is; I have got the breakdown of that.

Q. We had it at page 30.

By Mr. Maybank:

Q. At any rate, Mr. McLean, would it be fair to say that, as to the 25 per cent of any of these figures, your business is affected, and that you have given us the figure that comes roughly to about one-quarter?—A. Yes.

Q. Does that represent about the extent of your contribution to whatever the problem is in the packing industry?—A. Oh, it varies. I suppose, on the average, that would be about our share of the figures.

By Mr. Dyde:

Q. It would be a little higher, would it not, Mr. McLean? Have you not got figures in here that show your per cent of the holdings from time to time with respect to "frozen" only?

By Mr. Maybank:

Q. Cold storage holdings?—A. The figures I have are for March 1, and not April 1. It was just a confusion. They exactly correspond to this, and it is the figure for 25th of February which is the figure reported by the Bureau of Statistics on the first of March.

The CHAIRMAN: They would be higher in April, would they not?

The WITNESS: I should think they would be lower.

Q. Why do you say it would be lower in March? All right, you may go on and I will follow after.

By Mr. Maybank:

Q. Well, at any rate, with respect to beef—this was two years ago; and you were nearly 32 per cent of whatever the total was of the frozen beef. In the next year it was 46, and you show that your proportion of frozen beef in storage was 22·8. In the next year, that is, last year, your share was 27·5. And this year, down as late as March, you run 28·7, 26·7 and 26. So, just taking those figures, would it not be fair to allow oneself to think that about one-quarter of whatever you say is there is really a result of Canada Packers' action? Would that be right?—A. I would think so.

Q. Then, we do know that, whether it was a wise thing to do or not, in this last year there has been storage going on in Canada which, if it had not gone on, would, in all probability, have reduced the prices a couple of cents, talking of carcass prices. With regard to that, that was in the fall, November and December?—A. Yes.

Q. And your company contributed probably one-quarter of that storage?—A. Yes.

Q. Then, again, in pork, the story is similar.

The CHAIRMAN: Before you go on, it should be pointed out to Mr. McLean that that high level of storage took place at a time when the price tags rise?

The WITNESS: The chief misfortune of Canada, at this moment, is that there is not enough beef in storage, not that there is too much.

Q. That is, as of the moment?—A. You are talking about high prices being a misfortune.

By Mr. Lesage:

Q. That is exactly what I do not understand. This morning you said there was a lack of supply, yet a few moments ago you said there was plenty of supply

in storage. You told us that the increase in price was due to the lack of supply in relation to the demand. Now you tell us the contrary and say there is more beef in storage, double the amount of last year. How can we explain the increases in price that way?—A. There is more put away; and all the beef in storage has to come out of storage. I have been trying to get this breakdown of figures in front of you because I think it would help to clarify these things.

By Mr. Maybank:

Q. There is no intention of preventing you from getting that breakdown. There is only the question of when it might come?—A. I think the best thing would be to look at the figures and you will see how it is moving up. They will show it.

Q. All right then. So, instead of asking you another question at the moment, would you give us that which you have been wanting to give us?—A. I am going to give you the breakdown of the figure of 10,103,000. That is at the first of March. Those are the figures that we turned in for the Dominion Bureau of Statistics report on March 1.

Q. O.K.—A. There was a total of 10,103,000; that was fresh beef, and beef going through was 4,451,000.

By Mr. Lesage:

Q. We already have this breakdown.

Mr. IRVINE: Well, let us have it again.

By Mr. Maybank:

Q. I have asked him to give it to us again. Will you permit me to get it again?

Mr. LESAGE: But it appears on the exhibit itself.

The WITNESS: Yes, but it has not been under discussion. That means, that for frozen beef it was 5,654,000 pounds. That beef consisted of 1,082,000 tons sold to the Meat Board, and which was being held for shipment at their direction.

By Mr. Maybank:

Q. That means that it had reached the floor?—A. That was sold at the floor, yes. That was sold sometime ago. Then there was sold—there were definite sales to customers. In the fall of the year we have many customers across Canada who make purchases of frozen beef. Most of them are in Quebec, the lumber companies and the mining companies, and so on. This quantity amounted to 1,332,000; and the rest was free, that is, beef for which there was no contract, 3,238,000.

By the Chairman:

Q. That is as of the 25th of February?—A. "As of the 25th of February." Now, as at this date we got this information; as at this date, the Meat Board stuff has all been shipped.

By Mr. Maybank:

Q. They are cleaned out?—A. They are cleaned out. The customers have taken about 500,000 pounds, and we have left, of contract beef for customers, 768,000 pounds, that is still to go. And of the free meat that we have, there is 1,370,000 pounds.

Q. How does that compare with the former figure?—A. It has been reduced 1,900,000. Now, I think that makes clear the remark or rather clarifies the

remark I made a moment ago. You see, this was at this date, April 28, and that 1,370,000, I should think, would all be sold within another ten days, or practically all of it, because that beef has been pulled out; and I should think that everybody's beef is being pulled out. If there were twice as much beef —of that free beef, of the 10 million pounds, only 1,370,000 is available to affect today's market. If there were twice as much, let us say three times as much, the market would be lower.

By Mr. Irvine:

Q. This free beef does not apply to the price, does it?—A. No. Let me say that I missed one of your jokes one day because I am a little deaf; but I read it in the Hansard report later and it was quite all right. I am sorry.

By the Chairman:

Q. He may have intended it as a serious remark. Would you hazard a guess? Would I be wrong in saying that the accumulation of stored beef now, as of this date, May 6, would be about 16 million pounds?—A. I would not think it would be anything approaching that. You see, if you take our share at 25 per cent, on April 28, it would be 1,370,000.

Q. I am talking about all beef?—A. I may have misunderstood your question.

By Mr. Maybank:

Q. The April figure was 35·9; and is it your suggestion that that would be down around 16 now?

By the Chairman:

Q. I am hazarding a suggestion to Mr. McLean that the present storage would be about 16 million pounds?—A. Well, the amount of current beef would be the same, practically, and that would be—let us say about 40 in our case, it is 44 per cent; about 14 million; 10 million—

Q. 10 million for all?—A. 10 million fresh, and I should think that the others, if they were down in the same proportion as ours, they would be down around 5·6 million to 2·1 mililon. That would be about 40 per cent.

Q. Making a total of how much?—A. 35; 25; making a total of about 20 million pounds.

Q. Making a total of about 20 million pounds; and that would still be 4 million pounds higher than in April of last year, or in May of last year?

Mr. Lesage: Five and one-half million pounds.

By the Chairman:

Q. It is still a lot of beef on hand?—A. Yes.

Q. Now, assuming we are right on that?—A. Yes.

Q. The price of meat is going up; and I can understand how the price of meat would go up in a scarcity period, but you have not got a scarcity period, if that is the fact.—A. Yes, you have a scarcity period.

Q. Do you call 20,000,000 pounds a scarcity figure?—A. 20,000,000 pounds —but you will remember this 20,000,000 pounds is subdivided into contract beef, meat board beef, and so on.

By Mr. Maybank:

Q. But did you not say the meat board was cleaned out?—A.I beg pardon?

Q. Did you not say by now the meat board was cleaned out and that would leave two classes only?—A. Here is the answer I think, Mr. Martin. I am the

one who looks rather dumb, and you are asking me a lot of questions the answers to which I do not make any attempt to carry in my head.

Q. Full allowance is made for that, and I think it is marvellous that you carry in your head what you do.—A. The weekly production of beef is 12,000,000 pounds.

By Mr. Lesage:

Q. 12,000,000 pounds?—A. Yes. There are 24,000 cattle slaughtered at an average of 500 pounds per carcass.

Mr. DYDE: Mr. McLean is referring to the inspected slaughterings, and he is converting that figure into carcass meat.

Mr. LESAGE: Has the figure decreased during the last weeks?

Mr. DYDE: No. That was not what Mr. McLean said, the 12,000,000 pounds was a translation of the inspected slaughterings.

Mr. LESAGE: I understand. Has this figure been constant for the last weeks?

Mr. MAYBANK: Is it a constant figure?

The WITNESS: Pretty much, there are 24,000 cattle a week.

Mr. MAYBANK: That is the flow?

The WITNESS: Yes, the flow.

By Mr. Lesage:

Q. I do not understand that. You say there has been a short supply and that there has been no reduction in the slaughterings, but you have had large reserves. You say there is a short supply at this period and I do not understand you.—A. The answer is that in spite of all our efforts to buy our cattle cheaper we are paying more for them every day in the week.

Q. No, no, no, I am not talking about that. You said cattle were in short supply and beef was in short supply and I am just offering as a suggestion, because I want the explanation—that the figures we have do not bear out the affirmation that there is a short supply.—A. Mr. Lesage, there must be, when beef is being consumed at such unheard of prices.

Q. Pardon me, sir. When we asked you why the price is going up you said the supply was not sufficient in relation to the demand?—A. That is right.

Q. Now we hear that we have a larger supply of beef this year than we had last year—a much better supply.—A. It is just not large enough, that is the answer.

Mr. THATCHER: There were ceilings a year ago.

Mr. MERRITT: Is Mr. Lesage not talking about dead beef whereas Mr. McLean is talking about live beef?

Mr. LESAGE: I think we understand each other.

The WITNESS: I think we are talking about the same thing.

By Mr. Lesage:

Q. Yes—A. The answer is there and it consists of the price which is being paid. You do not suppose we are paying 19 cents for live steers because we want to?

Q. I do not believe that at all.—A. It would be far easier for us to buy beef and do our business if we were paying 10 or 11 cents for it.

Q. The reason would not be because there is a short supply, it would be because it is impossible for you to buy from the farmers at cheaper prices?—A. I stick to my answer that there is a short supply in relation to the demand.

The CHAIRMAN: Mr. McLean, I hear the division bell and we must go and vote. While we are voting, knowing what we have in our minds, I wonder

if you just could not think this out and give us the picture when we come back. I must say that I do not understand the replies and I take is that other members are in the same position.

Mr. Lesage: I suggest that Mr. Dyde have a talk with Mr. McLean and try to elicit the information for us so that we may receive it when we come back.

The committee resumed at 5.52 o'clock p.m.

The Chairman: The meeting will come to order, please.

Now, Mr. Dyde, have you and Mr. McLean got that problem solved for us in the ten minutes that lies ahead?

Mr. Dyde: I doubt if we have the problem solved, but I think that Mr. McLean has further remarks that he wishes to make. Is that correct, Mr. McLean; or, have you said all that you wish to say about this?

The Witness: Well, I will be satisfied when you are through listening to me. I feel, in deference to the chairman, that I must make some further remarks. He asked me to try to organize my thoughts on this problem. As I said, I have been talking to Mr. Dyde all through the recess—

The Chairman: I regard this as a very important problem and we want to be correct in our conclusion as to what it is; and it is important not only with regard to beef but also with regard to pork; and these figures that are before us seem to us to be pretty difficult to understand in the face of the rise in prices.

Mr. Dyde: May I put it this way, Mr. Chairman. Mr. McLean, here is what we see. We see in March of 1948, cattle coming on to the market at a rate of approximately 24,000 head a week, and at the same time we see that you have 10,000,000 pounds in storage. At the end of April we see the same number of cattle coming forward to the market each week and we are puzzled, we do not know why the prices should go up; because, with these fatcs in front of us, and applying your formula of this morning in which you said that the movement in the price of beef was determined by the quantities of beef available in relation to the demand from the housewives for beef—we do not understand why the prices should go up.

The Witness: That is Mr. Martin's problem, as I understand it.

The Chairman: It is not mine, it is the committee's problem.

The Witness: Who asked me why the price of beef has been going up. I cannot say anything more than I have already said, I do not think. Mr. Martin probably had in view probably that this beef was being put into storage at the present time and that way being withdrawn from consumption.

Mr. Dyde: We thought it was being held from consumption, frozen last November and December when cattle were coming on to the market plentifully.

The Witness: Withdrawn and held are two different things. I will try to deal with them one at a time. So far as withdrawal from consumption is concerned, that is not being done at the present time. The whole movement is out of storage into consumption. There is no beef being withdrawn or withheld at the present time. Now, you look at these figures and you compare the amount of beef in storage today with the amounts in storage a year ago and you see that it is very much larger, and it is a most natural thing to ask, is that why the price is advancing; but when you break it down in details I have done with respect to our own it is quite clear that no beef is being withheld. We are in the position with our own beef that we are now pushing it out into consumption just as quickly as we can, because the end of May is almost a maximum deadline for holding frozen meat. Frozen meat can be sold to some retailers not at all; to other retailers, the retailers who will handle it will only take frozen beef during the cool weather, mostly in the wintertime; and, in fact, all the frozen beef at the present time must be put out, and it is being pushed out. If the figures do not seem to show that, it is just for the want of a complete analysis of it. If you had the analysis, it would be quite clear that is what is happening.

By the Chairman:

Q. Could we get that analysis in a form that would be clear?—A. You could get it from the Dominion Bureau of Statistics.

Q. They have not the figures for the 1st of May. They have the figures up until the 1st of April and it was on the basis of the figures as of the 1st of April Mr. Maybank started his questions to you. Yesterday, the committee agreed with me that that situation was one which deserved the closest examination?—A. To whatever extent there is a larger amount of meat in storage than last year, it is advantageous in that it tends to lower the price. If it were not there, the price would be still higher. But remember, the total amount of beef in storage is only two weeks' consumption and it is not an important factor.

By Mr. Maybank:

Q. At the time the storage figures were increasing, that is to say, sometime following probably last August—I am not looking at the figures now, but the figures we had in front of us showed that it rose by successive steps from 16, possibly to 18, and it eventually reached 39·7. Those were the months during the fall. Now, at that time when, evidently, month by month, there was more and more storage, you have said to me earlier in the examination that the tendency in that storing, that holding away from the market or taking away from the domestic market, would be to put the price up?—A. That is right.

Q. I understand that at a time when you begin to push that out, the tendency is to put the price down. My remark did not refer especially to today, but back there, too. The tendency at that time, was to put the price up when the meat was going into storage?—A. That is so.

By the Chairman:

Q. What you have said now is that we have two weeks' consumption alone in storage. I must take it that this sheet before us is correct. It comes to us from the Dominion Bureau of Statistics. It shows 35,000,000 pounds of beef in storage as of the 1st of April. Whatever the situation may be now, as of the 1st of April, 35,000,000 pounds was in storage. It would seem to be a large surplus. It certainly is on a comparative basis with previous months in the same year and it is double what it was last April?—A. Are you going back to other years?

Q. No, going back to last year. In April, 1947, there were 16,000,000 pounds in storage while in April of 1948, there were 35,000,000 pounds. Now, that seems to me to be a fairly large amount?—A. It would be.

Q. The next point I was going to make is that it was just about April 1 when the present increase in prices began?—A. These are the figures from year to year, back to 1926?

Q. Yes.

Mr. DYDE: These figures are as of December 31, the annual figures at the top of the page.

The WITNESS: They vary widely. It happens that last year, storages were very low. Mr. Hall has called my attention to the chief reason for that. Last year, beef was under ceiling and the meat board paid the floor price, the contract price. They paid nothing extra for storage charges if the beef were stored, so that the beef went to the meat board as produced, in the fall months, instead of being stored.

Now, this year, the ceilings were removed and there was the likelihood of an advance in the price of meat. Instead of shipping all the meat out to the meat board, a proportion of it was put into storage and is coming out now. I think that is the chief explanation for the difference between this year and last. This year's figures are not high in relation to certain previous years. Conditions change each year.

By the Chairman:

Q. When you say they are not higher in comparison to previous months in previous years, that does not seem to be the story as told by the figures before us?—A. I am looking at the top of the page. This is December 31, is it?

By Mr. Dyde:

Q. Yes.—A. I see 42·9, 30·6, 40·8, 31·8, 35·6, 29·2, 32·0, 21·8, 29·6 and, in 1937, 25·3; that is before the war, you see. Now, those are not—the increase this year is not a significant increase.

The CHAIRMAN: The first figures are yearly figures. The figures before us are for 1946, 1947 and 48. I simply point out before adjournment and we will continue this tomorrow, that in April, 1946, it was 21·5; in April, 1947, 16·0 and in April, 1948, 35·9. I must say it puzzles me. However, we will adjourn now and meet at eleven o'clock tomorrow morning.

The committee adjourned to meet again on Friday, May 7, 1948 at 11.00 a.m.

APPENDIX

April 16, 1948.

CANADA PACKERS LIMITED

MEMORANDUM ON MEAT

FOR THE

HOUSE OF COMMONS SPECIAL COMMITTEE ON PRICES

Index

Requested by the Committee

1. Schedule 1—Corporate Information.
2. Schedule 2—Sales Volume and Value, Current Fiscal Year.
3. Schedule 3—Sales and Results, 1936-1948.
4. Schedule 4—Sales and Results, Meat Accounts, Calendar Years 1946-1948.
5. Schedule 5—Inventories of Beef and Pork.
6. Schedule 6—Dressed Hog Prices.
7. Schedule 7—Dressed Weight of Slaughterings.
8. Schedule 8—Export Sales.

Furnished by Canada Packers Limited

1. Earnings Record, 1936-1948.
2. Number of Meat Packing Plants and Live Stock Buyers.
3. Cold Storage Holdings.
4. Production of Meats for UNRRA.
5. Percentages of Slaughterings.
6. Profit and Loss on Representative Lots of Cattle.
7. By-products Results.

Pages 1, 2 and 3 of submitted statement

SCHEDULE 1

CORPORATE INFORMATION

(*a*) Name of Company—Canada Packers Limited.

(*b*) Address of Head Office—2200 St. Clair Avenue West, Toronto 9, Ontario.

(*c*) Date and nature of incorporation—August 15, 1927, under the Dominion Companies Act.

(*d*) Officers of the Company: President, J. S. McLean; Vice-Presidents, S. G. Brock, N. J. McLean, S. G. Bennett; Secretary, C. Wadge; Assistant Treasurer, A. J. E. Child; Assistant Secretary, F. E. Hawkins, all of Toronto, Ontario.

(*e*) Directors of the Company: S. G. Bennett, S. G. Brock, W. R. Carroll, W. C. Harris, A. L. Laing, J. S. McLean, N. J. McLean, H. M. Murray, C. C. Polkinghorne, G. A. Schell, C. Wadge, F. A. Wiggins, all of Toronto, Ontario; J. P. Laberge, Montreal, Quebec.

(*f*) History of the Company.—Canada Packers Limited was granted its charter on 15th August, 1927. It secured by purchase all the capital stock of the following companies:

The Harris Abattoirs Company, Limited
Gunns Limited
Canadian Packing Company, Limited

and all but a few shares of:

Wm. Davies Company, Inc.

The capital structure of the Company at inception consisted of:

(1) Harris Abattoir Co. Ltd.	6% Bonds	$ 3,975,000	
Wm. Davies Co. Inc.	6% Bonds	2,037,000	
Collateral Trust	6% Bonds	2,500,000	$ 8,512,000.00
(2) 66,367 Cumulative Preference Shares			6,636,700.00
(3) 199,812 Common Shares, no par value			1,413,738.96
(4) Appraisal Surplus			6,142,108.32
			$ 22,704,547.28

At March 27, 1947, the capital structure of the Company consisted of:

(1) 400,000 Class A Shares, no par value 800,000 Class B Shares, no par value	$ 1,438,284.00
(2) Appraisal Surplus	5,663,432.00
(3) Earned Surplus	14,073,676.00
	$ 21,175,392.00

The company is principally engaged in the processing and distribution of meats, poultry and dairy products, vegetable oil products and canned foods. The four constituent companies operated separately until the end of 1931, after which all operations were merged into one organization.

(*g*) Subsidiary companies engaged in the meat industry: Frank Hunnisett Limited, 2306 St. Clair Avenue West, Toronto 9, Ontario.

This company slaughters and sells beef, veal and lamb at its plant at the above address. It has no branches.

(*h*) Meat Packing Plants: 9—Charlottetown, P.E.I.; Montreal, Quebec; Hull, Quebec; Peterborough, Ontario; Toronto, Ontario; Winnipeg, Manitoba; Edmonton, Alberta; Vancouver, British Columbia; Chicago, Illinois.

Wholesale Branches: 18.—Sydney, Nova Scotia; Halifax, Nova Scotia; Saint John, New Brunswick; Quebec, Quebec; Ottawa, Ontario; East Toronto, Ontario; West Toronto, Ontario; London, Ontario; Windsor, Ontario; Sudbury, Ontario; Sault Ste. Marie, Ontario; Timmins, Ontario; Fort William, Ontario; Regina, Saskatchewan; Saskatoon, Saskatchewan; Moose Jaw, Saskatchewan; Prince Albert, Saskatchewan, Victoria, British Columbia.

Cold Storages: 6.—521 Front Street East, Toronto, Ontario; Strachan Avenue, Toronto, Ontario; Winnipeg, Manitoba; Montreal, Quebec; Ottawa, Ontario; Three Rivers, Quebec.

(*i*) The fiscal year of the Company ends the last Wednesday in March of each year.

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Schedule 2—Page 1

MEAT PACKING PLANTS

CANADA PACKERS LIMITED

SALES—CURRENT FISCAL YEAR

Sales in pounds—(000's omitted)

4-week period ending	Beef	Veal	Lamb	Pork	Canned meats	Cooked meats	Total
24 April, 1947	6,006	1,767	497	7,830	2,756	2,946	21,802
22 May	6,532	2,166	285	9,588	1,897	3,366	24,834
19 June	5,948	1,583	255	9,062	1,675	3,783	22,306
17 July	5,679	1,437	457	9,091	2,055	3,957	22,676
14 August	9,172	1,461	631	10,515	3,085	3,882	28,746
11 September	10,903	1,272	1,349	10,942	2,403	3,861	30,730
9 October	1,468	196	110	1,549	602	191	4,116
6 November	4,177	611	1,019	4,360	1,377	1,444	12,988
4 December	14,794	1,366	1,760	14,393	5,518	3,999	41,830
31 December	13,465	1,042	1,359	12,882	3,494	2,569	34,811
28 January, 1948	11,516	935	1,150	8,267	2,124	2,321	26,313
25 February	14,213	937	1,108	10,261	1,371	2,538	30,428
	104,873	14,773	9,980	108,740	28,357	34,857	301,580

Sales in dollars

4-week period ending	Beef	Veal	Lamb	Pork	Canned meats	Cooked meats	Total
24 April, 1947	2,058,536	451,094	182,187	2,921,905	946,211	1,042,031	7,601,964
22 May	2,450,522	559,268	95,248	3,294,600	749,932	1,241,962	8,391,532
19 June	2,050,206	429,957	70,642	3,216,345	851,664	1,365,039	7,984,053
17 July	1,207,781	387,592	139,727	3,267,740	998,136	1,434,717	8,155,603
14 August	2,530,145	375,586	212,592	3,541,183	1,145,310	1,382,728	9,488,454
11 September	3,394,958	344,273	498,280	3,943,726	1,123,075	1,380,536	10,684,848
9 October	435,224	48,850	46,343	663,666	267,808	94,260	1,556,151
6 November	1,480,800	195,707	358,417	1,932,647	587,882	500,882	5,055,501
4 December	4,165,946	433,542	777,637	5,354,762	1,735,067	1,416,135	13,883,089
31 December	3,853,439	323,292	465,272	4,854,488	1,055,953	916,470	11,469,014
28 January, 1948	4,331,367	333,754	427,847	3,518,023	817,236	920,700	10,348,927
25 February	4,464,394	348,205	422,305	4,561,663	551,754	993,215	11,351,516
	32,423,318	4,231,139	3,716,307	41,070,748	10,840,208	12,688,941	105,970,652

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Schedule 2—Page 2

CANADA PACKERS LIMITED

SALES—CURRENT FISCAL YEAR

Sales in pounds—(000's omitted)

WHOLESALE BRANCHES

4-week period ending	Beef	Veal	Lamb	Pork	Canned meats	Cooked meats	Total
24 April, 1947	2,387	269	225	1,503	436	855	5,675
22 May	2,535	375	138	1,330	301	946	5,625
19 June	1,928	343	79	1,325	308	1,022	5,005
17 July	1,845	300	115	1,240	364	11,005	14,869
14 August	2,311	315	144	1,077	404	979	5,530
11 September	3,483	372	345	1,221	463	974	6,858
9 October	1,926	205	253	1,324	570	589	4,867
6 November	1,642	272	337	1,259	661	288	4,459
4 December	3,114	403	359	2,035	369	989	7,269
31 December	2,739	262	216	2,027	127	682	6,053
28 January, 1948	3,255	235	292	1,600	362	688	6,432
25 February	2,882	215	261	1,403	251	678	5,690
	30,347	3,566	2,764	17,344	4,616	19,695	78,332

Sales in dollars

4-week period ending	Beef	Veal	Lamb	Pork	Canned meats	Cooked meats	Total
24 April, 1947	584,524	57,783	56,278	519,228	145,766	240,876	1,604,455
22 May	624,499	80,445	33,616	451,773	103,385	272,825	1,566,541
19 June	505,417	74,154	17,915	450,947	108,104	294,019	1,450,556
17 July	472,518	64,295	26,945	425,832	132,468	311,086	1,433,144
14 August	634,803	66,515	36,189	378,239	147,477	289,474	1,552,697
11 September	811,223	78,296	98,801	402,192	164,389	276,161	1,831,062
9 October	446,468	42,036	72,007	445,717	195,560	172,641	1,374,429
6 November	371,317	60,504	116,132	391,673	58,709	95,511	1,093,846
4 December	727,769	98,788	102,635	692,967	134,589	275,885	2,032,633
31 December	659,325	65,460	64,099	723,326	45,114	196,329	1,753,653
28 January, 1948	851,455	75,973	92,924	612,278	130,177	212,757	1,975,564
25 February	750,212	74,946	82,303	558,065	85,395	207,184	1,758,105
	7,439,530	839,193	799,844	6,052,237	1,451,133	2,844,748	19,426,685

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Schedule 2—Page 3

CANADA PACKERS LIMITED

SALES—CURRENT FISCAL YEAR

Sales in pounds—(000's omitted)

FRANK HUNNISETT LIMITED

4-week period ending	Beef	Veal	Lamb	Total
24 April	659	37	39	735
22 May	828	69	....	897
19 June	752	42	33	827
17 July	865	41	11	917
14 August	1,004	10	24	1,038
11 September	914	2	74	990
9 October	75		4	79
6 November	329	19	17	365
4 December	705	48	63	816
31 December	637	37	47	721
28 January, 1948	883	29	58	970
25 February	845	30	63	938
	8,496	364	433	9,293

Sales in dollars

4-week period ending	Beef	Veal	Lamb	Total
24 April	173,221	7,900	12,478	193,599
22 May	216,643	15,734	128	232,505
19 June	197,182	12,324	874	210,290
17 July	224,525	9,639	3,244	237,408
14 August	283,863	5,300	7,328	296,491
11 September	270,869	1,553	24,582	297,004
9 October	17,671	...	1,404	19,075
6 November	102,928	5,068	6,665	114,661
4 December	257,077	12,046	24,024	293,147
31 December	219,071	9,355	17,346	245,772
28 January, 1948	274,579	8,863	22,326	305,768
25 February	256,205	9,010	25,469	290,684
	2,493,834	96,792	145,778	2,736,404

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Schedule 3—Page 1

CANADA PACKERS LIMITED

SALES AND RESULTS

Volume of Sales (Pounds — 000's ommitted)

Fiscal year ending	Beef	Veal	Lamb	Pork	Canned meats	Cooked meats	Total meat	All products	
								Weight	Sales value
									$
1936	153,789	18,004	15,085	96,685	....	19,000	302,563	659,706	63,586,883
1937	176,624	24,296	13,279	124,118	168	21,482	359,967	774,270	72,699,519
1938	183,458	27,207	15,484	136,480	129	25,686	388,444	836,420	84,145,896
1939	166,041	23,238	14,763	113,191	128	24,545	341,906	800,763	77,225,732
1940	163,745	24,052	14,157	143,596	196	27,454	373,200	913,251	88,205,639
1941	171,616	25,851	16,231	199,494	1,660	33,338	448,190	1,091,263	110,291,839
1942	185,207	25,102	15,561	217,322	10,663	36,911	490,766	1,228,029	144,509,292
1943	152,462	21,550	16,626	233,198	16,370	43,736	483,942	1,328,616	169,141,671
1944	183,534	20,247	15,433	284,828	32,751	48,598	585,391	1,582,932	206,155,938
1945	248,737	22,919	17,798	238,773	60,253	47,923	636,403	1,698,326	228,398,111
1946	237,715	26,302	21,732	143,635	92,793	50,642	572,819	1,526,436	208,997,520
1947	189,145	21,610	19,366	116,463	93,945	53,323	493,852	1,373,180	204,068,650
1948 (to Feb. 25)	142,992	17,464	13,181	126,962	38,886	45,543	385,028	1,260,464	212,428,868
	2,355,065	297,842	208,695	2,174,745	347,942	478,181	5,862,471	15,073,656	1,869,855,558

Profit and *Loss* Before Bond Interest, Inventory Reserves and Income Tax

Fiscal year ending	Beef	Veal	Lamb	Pork	Canned meats	Cooked meats	Total meat	Profit or *loss* per lb.	By-products	Profit or *loss* per lb. of meat	Total meat and by-products	Profit or *loss* per lb.	Net profit after all charges (All products)		
													Amount	Per lb.	P.c. of sales
	$	$	$	$	$	$	$	cts.	$	cts.	$	cts.	$	cts.	
1936	*858,731*	*62,670*	9,166	*390,554*	*4,708*	14,457	*1,293,040*	*2/5*	1,134,135	1/15	*158,905*	*1/20*	1,288,011	1/5	2·00
1937	*863,599*	*90,424*	*9,185*	*150,783*	*8,178*	87,528	*1,034,641*	*1/4*	1,427,724	1/14	393,083	1/9	1,522,662	1/5	2·10
1938	*1,042,934*	*111,801*	*46,683*	79,680	*1,409*	110,620	*1,012,527*	*1/4*	833,893	1/25	*178,634*	*1/22*	1,100,559	1/8	1·30
1939	*977,287*	*118,328*	*37,250*	*361,879*	*2,535*	120,841	*1,376,438*	*3/12*	1,214,533	1/16	*161,905*	*1/21*	1,238,736	1/6	1·60
1940	*1,309,426*	*138,227*	*42,229*	175,016	431	133,431	*1,181,004*	*1/3*	1,464,834	1/13	283,830	1/13	1,667,809	1/5	1·90
1941	*1,184,159*	*105,594*	*7,811*	289,501	11,304	153,824	*842,935*	*2/5*	886,951	1/22	44,016	1/100	1,555,028	1/7	1·40
1942	172,756	*45,810*	27,061	701,771	*38*	153,024	1,008,764	1/5	874,257	1/24	1,883,021	2/5	1,611,464	1/8	1·10
1943	*517,426*	*92,587*	34,684	622,955	41,510	131,283	220,419	1/25	453,238	1/38	673,657	1/7	1,611,417	1/8	0·95
1944	42,376	*12,375*	67,269	398,567	752,578	*67,400*	1,181,015	1/5	544,246	1/37	1,725,261	3/10	1,687,586	1/6	0·82
1945	1,157,994	116,956	130,950	*448,346*	483,498	30,983	1,472,035	1/4	556,254	1/50	2,028,289	1/3	1,824,811	1/6	0·80
1946	402,982	141,991	281,689	*986,655*	1,000,415	*95,722*	744,700	1/8	475,468	1/56	1,220,168	1/5	1,816,780	1/8	0·87
1947	*853,288*	*190,311*	*25,373*	*49,218*	888,339	204,231	*25,620*	....	889,607	1/24	863,987	1/6	2,059,643	1/6	1·01
1948 (to Feb. 25)	595,685	*16,943*	99,017	589,232	285,753	365,830	727,204	1/5	1,336,361	1/12	2,063,565	1/2	2,010,462	1/6	0·94
	6,426,427	*726,123*	481,305	469,287	3,446,960	1,342,930	*1,412,068*	....	12,091,501	1/22	10,679,433	1/6	20,994,968	1/7	1·12
Profit or *loss* per lb.	*1/5¢*	*1/4¢*	1/4¢	1/50¢	1¢	1/4¢	*1/40¢*	....	1/22¢						

CANADA PACKERS LIMITED

WHOLESALE BRANCHES

Schedule 3—Page 2

SALES AND RESULTS

Volume of sales (000's omitted)

Fiscal year ending	Beef	Veal	Lamb	Pork	Canned meats	Cooked meats	Total meat	All products
1936	30,653	4,079	2,913	11,138	157	3,964	52,904	92,073
1937	35,502	4,101	2,647	12,634	207	4,284	59,375	101,719
1938	35,086	4,670	2,902	12,712	190	4,330	59,890	102,998
1939	31,316	4,518	2,784	11,110	253	3,739	53,720	96,386
1940	32,845	4,450	2,983	14,005	368	4,549	59,200	109,784
1941	36,508	4,581	3,690	17,332	515	6,236	68,862	128,280
1942	41,288	4,355	4,454	16,989	1,882	7,084	76,052	140,518
1943	35,110	3,665	4,412	15,965	3,296	8,396	70,844	140,286
1944	39,637	3,629	3,590	16,351	2,656	9,169	75,032	148,143
1945	41,272	4,325	4,417	19,983	3,869	10,097	83,963	151,134
1946	43,759	5,435	4,576	12,812	2,730	11,779	81,091	152,459
1947	38,705	4,760	4,368	13,211	6,783	11,771	79,598	151,124
1948 (to Feb. 25)	30,344	3,570	2,769	17,364	4,136	9,751	67,934	136,301
Total	472,025	56,138	46,505	191,606	27,042	95,149	888,465	1,661,205

Net profit or *loss* (00's omitted)

Fiscal year ending	Beef	Veal	Lamb	Pork	Canned meats	Cooked meats	Total meat	Profit or *loss* per lb.	All products	Profit or *loss* per lb.
	$	$	$	$	$	$	$	cts.	$	cts.
1936	*52,289*	2,989	1,977	29,672	*546*	23,396	*801*	*1/500*	3,719	1/250
1937	*35,306*	805	6,673	25,559	*459*	27,437	24,707	1/25	39,869	1/25
1938	*31,773*	*1,608*	2,855	24,722	*550*	21,753	15,400	1/50	18,965	1/50
1939	*40,257*	961	3,015	31,374	203	25,024	29,323	1/25	29,373	3/1000
1940	*24,973*	189	5,424	40,965	984	36,552	59,132	1/10	130,942	1/8
1941	*5,546*	3,157	11,779	52,363	1,896	55,343	118,949	1/6	200,595	4/25
1942	*4,566*	7,328	40,011	99,649	18,954	72,553	224,929	3/10	416,881	3/10
1943	*53,482*	5,003	32,721	110,535	6,750	87,448	188,975	1/4	377,963	3/10
1944	*54,989*	4,723	8,398	135,727	23,171	93,211	181,041	1/5	459,222	1/3
1945	*24,965*	19,672	17,514	140,703	31,450	109,358	275,115	3/10	441,872	3/10
1946	*35,114*	16,264	18,129	32,473	29,653	74,864	126,139	1/6	158,391	1/10
1947	*117,556*	*13,855*	*3,926*	38,600	95,390	97,166	75,809	1/11	128,959	1/11
1948 (to Feb. 25)	*59,357*	5,612	*4,789*	124,883	59,729	129,757	258,904	2/5	457,342	1/3
Total	*569,206*	51,429	175,742	799,234	266,595	844,822	1,565,622		2,805,359	
Profit or *loss* per lb.	cts. *1/8*	cts. 1/12	cts. 1/3	cts. 2/5	cts. 1	cts. 9/10	cts. 1/6		cts. 1/6	

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FRANK HUNNISETT LIMITED

SALES AND RESULTS

Volume of sales—(000's omitted)

Fiscal Year ending	Beef	Veal	Lamb	Total meat	All products	
					Weight	Amount
						$
1941	11,523	756	1,245	13,524	14,838	2,741,185
1942	10,266	870	1,274	12,410	13,492	2,982,902
1943	9,624	733	802	11,159	12,012	2,988,135
1944	9,952	648	738	11,338	12,423	3,435,927
1945	11,022	526	896	12,444	13,676	3,899,735
1946	10,028	779	544	11,351	12,495	3,372,667
3 periods January to March, 1947	1,650	144	19	1,813	2,038	665,054
April 1947 to February 25, 1948	8,501	408	369	9,278	10,261	3,431,732
Total	72,566	4,864	5,887	83,317	91,235	23,517,337

Profit and *Loss*

—	Beef	Veal	Lamb	Total meat	Profit or *loss* per lb.	Amount	Profit or *loss* per lb.	Profit or *loss* as a p.c. of sales
	$	$	$	$	cts.	$	cts.	%
1941	2,984	173	373	3,530	1/40	7,901	1/20	0·28
1942	*2,663*	*391*	*439*	*3,493*	*1/40*	1,226	1/100	0·04
1943	11,460	1,017	612	13,089	1-1/8	13,646	1/10	0·46
1944	29,932	2,327	2,472	34,731	1/3	36,464	1/3	1·06
1945	25,218	1,069	922	27,209	1/5	31,207	1/5	0·80
1946	8,782	*548*	*6,589*	1,645	1/70	12,298	1/10	0·36
3 periods January to March, 1947	*1,804*	*1,603*	*904*	*4,311*	*1/4*	*5,069*	*1/4*	*0·76*
April 1947 to February 25, 1948	22,842	1,643	796	25,281	1/4	31,662	1/3	0·92
Total	96,751	3,687	*2,757*	97,681	....	129,335		
Profit or *loss* per pound	1/7¢	1/2¢	1/21¢	3/25¢	....	1/70¢		

NOTE: Until December 1946 the fiscal year was on a calendar year basis.
In the 1947 fiscal year was changed to the last Wednesday in March in each year.

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CANADA PACKERS LIMITED

CONSOLIDATION OF PLANTS AND BRANCHES

Profit and *Loss* before Bond Interest, Inventory Reserves and Income Tax

Fiscal year ending	Beef	Veal	Lamb	Pork	Canned meats	Cooked meats	Total meat	By-products	Total meat and by-products
	$	$	$	$	$	$	$	$	$
1936	*911,020*	*59,681*	14,143	*369,882*	*5,254*	37,853	*1,293,841*	1,154,957	*138,884*
1937	*898,905*	*89,621*	*2,512*	*125,224*	*8,637*	114,965	*1,009,934*	1,451,184	441,250
1938	*1,074,707*	*113,409*	*43,817*	104,402	*1,969*	132,373	*997,127*	854,538	*142,589*
1939	*1,017,541*	*117,367*	*34,235*	*330,505*	2,352	145,865	*1,356,115*	1,234,174	*121,941*
1940	*1,334,399*	*138,047*	*36,805*	215,981	1,415	169,983	*1,121,872*	1,484,672	362,800
1941	*1,189,705*	*102,437*	3,959	341,870	13,200	209,127	*723,986*	908,241	184,255
1942	168,190	*38,482*	67,072	792,420	18,916	225,577	1,233,693	916,925	2,150,618
1943	*570,908*	*87,584*	67,405	733,490	48,260	218,731	409,394	481,233	890,627
1944	*11,713*	*7,662*	75,577	504,294	775,749	25,811	1,362,056	571,007	1,933,063
1945	1,133,429	136,628	178,464	*347,640*	514,928	131,341	1,747,150	590,190	2,337,340
1946	357,538	158,455	299,818	*947,182*	1,030,068	*27,858*	870,839	497,519	1,368,358
1947	*990,814*	*204,156*	*29,319*	*10,618*	983,729	301,367	50,189	907,842	958,031
1948 (to Feb. 25)	*655,042*	*11,531*	97,297	714,115	345,482	495,587	986,108	1,355,790	2,341,898
	6,995,627	*674,694*	657,047	1,268,521	3,713,555	2,187,752	156,554	12,408,272	12,564,826

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CANADA PACKERS LIMITED

BEEF ACCOUNT

Calendar year 1946

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
31 January	22,176	4,426,497	*58,162*	*1/4*	3,774	805,013	*9,353*	*1/4*
28 February	18,418	3,692,542	*77,014*	*1/2*	3,588	764,087	*12,483*	*3/8*
28 March	16,448	3,275,545	*203,691*	*1-1/4*	3,514	739,178	*30,673*	*7/8*
25 April	13,586	2,764,682	*101,666*	*3/4*	3,395	716,305	*7,194*	*3/16*
23 May	3,733	796,850	*78,467*	*2-1/8*	1,439	318,494	*5,311*	*3/8*
20 June	10,543	2,404,045	*127,013*	*1-3/16*	2,345	528,736	*3,702*	*3/16*
18 July	15,642	3,598,935	*109,824*	*11/16*	3,239	803,377	*10,492*	*5/16*
15 August	15,540	3,274,872	*38,549*	*1/4*	3,083	697,078	*13,139*	*7/16*
12 September	19,225	4,004,188	*62,424*	*5/16*	3,416	731,243	*11,991*	*3/8*
10 October	20,228	4,163,396	*32,214*	*1/8*	3,640	793,879	*11,826*	*5/16*
7 November	22,993	4,622,198	80,463	3/8	3,739	824,492	*11,183*	*5/16*
5 December	25,793	5,220,832	20,491	1/16	3,831	822,020	*11,982*	*5/16*
2 January, 1947	16,270	3,415,979	*53,913*	*5/16*	3,017	654,803	*11,990*	*3/8*
Total	220,595	45,660,561	*841,983*	*3/8*	42,020	9,198,705	*151,319*	*3/8*

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CANADA PACKERS LIMITED

BEEF ACCOUNT

Calendar Year 1947

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
30 January	11,551	2,642,767	*93,665*	*4/5*	2,717	625,021	*11,594*	*2/5*
27 February	11,550	2,474,961	*135,457*	*1-1/4*	2,369	585,333	*12,731*	*1/2*
27 March	8,446	1,945,021	*60,638*	*3/5*	2,390	595,299	*14,414*	*3/5*
24 April	8,630	2,058,536	*157,359*	*1-4/5*	2,387	584,524	*7,219*	*3/10*
22 May	10,576	2,450,522	*226,717*	*2-1/7*	2,535	624,499	*11,612*	*1/2*
19 June	8,462	2,050,206	*262,555*	*3*	1,928	505,417	*8,428*	*7/16*
17 July	8,164	1,907,781	*198,572*	*2-3/8*	1,845	472,518	*8,903*	*1/2*
14 August	12,395	2,830,145	*111,310*	*1/10*	2,611	634,803	*14,147*	*1/2*
11 September	15,164	3,394,958	*31,722*	*1/5*	3,483	811,223	*17,138*	*1/2*
9 October	2,100	435,224	*141,027*	*6-3/4*	1,926	446,468	*11,797*	*5/8*
6 November	6,542	1,480,800	66,854	1-1/50	1,642	371,317	*3,002*	*3/16*
4 December	19,658	4,165,946	317,228	1-5/8	3,114	727,769	6,778	1/4
31 December	17,937	3,853,439	139,331	3/4	2,739	659,325	974	3/8
Total	141,175	31,690,306	*895,610*	*5/8*	31,686	7,643,516	*113,233*	*9/25*

Calendar Year 1948

4-week period ending	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
28 January	17,676	4,331,367	79,211	2/5	3,255	851,455	12,301	3/8
25 February	18,558	4,464,394	*69,133*	*3/8*	2,882	750,212	2,837	1/10
Total	36,234	8,795,761	10,078	1/50	6,137	1,601,667	15,138	1/4

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CANADA PACKERS LIMITED

VEAL ACCOUNT

Calendar Year 1946

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
31 January	1,203	252,972	2,388	1/5	258	56,430	20	1/5
28 February	1,132	236,188	*2,571*	*1/4*	174	37,799	353	*1/3*
28 March	1,674	355,413	*7,167*	*5/12*	237	50,735	*814*	*1/20*
25 April	2,533	546,193	676	1/50	399	85,022	*212*	*1/6*
23 May	2,685	593,990	*6,775*	*1/4*	501	110,701	*739*	*1/4*
20 June	1,957	426,598	*23,098*	*1-3/16*	352	71,023	*795*	*3/8*
18 July	1,874	394,563	*14,164*	*3/4*	412	85,075	*1,537*	*1/2*
15 August	2,231	474,347	*13,140*	*1/16*	409	89,260	*2,300*	*1/4*
12 September	2,119	450,907	*18,320*	*1/12*	538	113,629	*1,354*	*3/8*
10 October	1,864	405,089	*13,543*	*3/4*	441	92,581	*1,674*	*1/4*
7 November	2,191	463,999	497	1/50	577	122,924	*1,305*	*5/16*
5 December	1,995	428,280	*10,998*	*1/2*	565	119,516	*1,769*	*1/2*
2 January, 1947	972	206,216	*18,517*	*1-9/10*	252	55,213	*1,083*	
Total	24,430	5,235,755	*124,732*	*1/2*	5,115	1,089,908	*13,259*	*1/4*

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CANADA PACKERS LIMITED

VEAL ACCOUNT

Calendar Year 1947

4-week period ending	Meat packing plants: Shipments 000's pounds	Meat packing plants: Sales value	Meat packing plants: Profit or *loss*	Meat packing plants: Profit or *loss* per pound	Wholesale branches: Shipments 000's pounds	Wholesale branches: Sales value	Wholesale branches: Profit or *loss*	Wholesale branches: Profit or *loss* per pound
		$	$	cts.		$	$	cts.
30 January	536	113,462	*14,409*	*2-3/4*	124	27,596	*351*	*1/3*
27 February	464	104,301	*15,661*	*3-3/8*	76	17,407	*188*	*1/4*
27 March	1,009	218,612	*13,062*	*1-1/3*	96	21,002	*282*	*1/2*
24 April	1,807	451,094	*16,634*	11/12	270	57,783	*562*	1/5
22 May	2,215	559,268	*30,220*	*1-3/8*	375	80,443	*786*	*1/5*
19 June	1,713	429,957	*32,995*	*1-11/12*	343	74,154	*736*	*1/5*
17 July	1,525	387,502	*25,122*	*1-5/8*	300	64,295	*960*	*1/3*
14 August	1,425	375,586	*24,032*	*1-11/16*	315	66,515	*1,715*	*1/2*
11 September	1,211	344,273	*7,221*	*2/3*	372	78,296	*1,060*	*1/4*
9 October	161	58,850	*15,835*	*9-5/6*	206	42,036	779	1/4
6 November	796	195,707	24,844	3-1/8	272	60,504	1,705	5/8
4 December	1,507	433,542	65,500	4-1/3	403	98,788	3,134	3/4
31 December	1,311	323,392	22,432	1-3/4	262	65,460	974	3/8
Total	15,680	3,985,546	*82,415*	*1/2*	3,414	754,279	*248*	1/125

Calendar Year 1948

4-week period ending	Meat packing plants: Shipments 000's pounds	Meat packing plants: Sales value	Meat packing plants: Profit or *loss*	Meat packing plants: Profit or *loss* per pound	Wholesale branches: Shipments 000's pounds	Wholesale branches: Sales value	Wholesale branches: Profit or *loss*	Wholesale branches: Profit or *loss* per pound
28 January	1,219	333,754	19,267	1-1/2	235	75,973	3,486	1-1/2
25 February	1,219	348,205	10,388	19/20	215	74,946	1,352	5/8
Total	2,438	681,959	29,655	1-1/5	450	150,919	4,838	1-1/12

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CANADA PACKERS LIMITED

LAMB ACCOUNT

Calendar year 1946

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
31 January	2,123	502,183	*1,317*	*1/16*	390	96,836	*244*	*1/16*
28 February	1,384	350,464	*10,997*	*13/16*	462	130,218	343	1/16
28 March	1,302	321,044	*13,352*	*1*	446	118,032	*1,152*	*1/4*
25 April	744	189,071	*5,707*	*3/4*	333	83,293	1,434	7/16
23 May	531	132,671	*1,023*	*3/16*	213	52,907	1,781	13/16
20 June	532	128,164	8,184	1-9/16	152	38,022	808	9/16
18 July	820	213,785	*5,752*	*11/16*	200	48,688	*17*	–
15 August	1,463	389,657	*1,595*	*1/8*	268	73,404	*819*	*5/16*
12 September	2,229	604,329	21,553	1	393	111,010	*733*	*3/16*
10 October	3,099	809,347	8,632	1/4	417	106,725	538	1/8
7 November	3,148	807,799	4,221	1/8	518	136,083	*379*	*1/16*
5 December	2,202	520,372	*12,958*	*9/16*	381	106,483	*458*	1/8
2 January, 1947	1,292	302,989	*13,481*	*1-1/16*	283	61,588	*76*	*1/32*
Total	20,869	5,280,875	*23,592*	*1/8*	4,456	1,163,289	1,026	1/48

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CANADA PACKERS LIMITED

Pork Account

Calendar Year 1947

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
30 January	8,474	2,349,797	*7,979*	*1/10*	1,041	352,061	9,078	7/8
27 February	8,204	2,490,620	82,907	1	1,100	384,019	3,197	1/3
27 March	9,421	2,859,380	103,680	1-1/10	1,114	398,903	*1,709*	*5/20*
24 April	9,546	2,921,905	100,998	1-1/20	1,503	519,228	2,601	1/6
22 May	11,556	3,294,600	89,944	3/4	1,330	451,773	5,373	1/3
19 June	10,762	3,216,345	98,671	11/12	1,325	450,947	3,624	1/4
17 July	10,698	3,267,740	62,359	7/12	1,240	425,832	4,894	2/5
14 August	11,780	3,541,183	44,340	3/8	1,077	378,239	3,693	1/3
11 September	13,026	3,943,726	39,620	1/3	1,221	402,192	10,962	9/10
9 October	2,178	663,666	*126,514*	*5-4/5*	1,324	445,717	4,012	3/10
6 November	6,212	1,932,647	*18,048*	*1/3*	1,259	391,673	6,595	1/2
4 December	17,188	5,354,762	149,808	5/8	2,035	692,967	18,140	9/10
31 December	15,494	4,854,488	69,267	7/16	2,027	723,326	16,789	5/6
Total	134,539	40,690,859	689,053	1/2	17,596	6,016,877	86,249	1/2

Calendar Year 1948

4-week period ending	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
28 January	10,175	3,518,023	109,875	1-5/64	1,600	612,278	34,924	2-1/5
25 February	12,410	4,561,663	*22,935*	*3/16*	1,403	558,065	14,271	1-1/50
Total	22,585	8,079,686	86,940	3/8	3,003	1,170,343	49,195	1-5/8

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CANADA PACKERS LIMITED

CANNED MEATS ACCOUNT

Calendar Year 1946

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
31 January	10,247	2,033,425	58,496	9/16	287	74,000	2,666	3/5
28 February	8,387	1,624,980	80,263	31/32	227	65,819	1,913	27/32
28 March	5,584	1,063,149	56,873	1	192	58,724	2,950	1-1/2
25 April	7,351	1,371,469	127,070	1-23/32	331	109,120	7,756	2-11/32
23 May	4,965	1,081,412	39,215	25/32	639	183,576	8,488	1-1/3
20 June	5,141	1,105,963	57,229	1-1/10	654	192,095	8,737	1-1/3
18 July	4,993	1,082,471	35,096	7/10	803	237,842	11,848	1-15/32
15 August	6,478	1,432,774	39,899	5/8	728	222,432	11,816	1-5/8
12 September	9,452	1,991,256	59,112	5/8	885	255,638	11,418	1-1/3
10 October	9,066	1,874,729	43,531	12/25	710	197,995	8,154	1-3/20
7 November	10,635	2,144,384	83,547	4/5	534	169,825	8,955	1-11/16
5 December	10,210	2,068,160	59,902	7/12	435	153,787	6,679	1-1/2
2 January, 1947	6,324	1,233,669	44,571	7/10	203	70,469	3,438	1-7/10
Total	98,833	20,107,841	784,804	4/5	6,628	1,991,322	94,818	1-7/16

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CANADA PACKERS LIMITED

LAMB ACCOUNT

Calendar Year 1947

4-week period ending	Meat packing plants: Shipments 000's pounds	Meat packing plants: Sales value	Meat packing plants: Profit or *loss*	Meat packing plants: Profit or *loss* per pound	Wholesale branches: Shipments 000's pounds	Wholesale branches: Sales value	Wholesale branches: Profit or *loss*	Wholesale branches: Profit or *loss* per pound
		$	$	cts.		$	$	cts.
30 January	1,633	382,987	*7,070*	*7/16*	501	127,127	*2,145*	*7/16*
27 February	1,096	269,771	*10,947*	*1*	372	105,954	*693*	*3/16*
27 March	884	221,623	*18,479*	*2 1/16*	422	89,530	*3,187*	*3/4*
24 April	638	182,187	*10,259*	*1 5/8*	225	56,278	462	3/16
22 May	378	95,248	*13,977*	*3 11/16*	138	33,616	938	11/16
19 June	317	70,642	*9,696*	*3 1/16*	79	17,915	*1,235*	*1 9/16*
17 July	607	159,727	*269*	*1/24*	115	26,945	*565*	*1/2*
14 August	816	212,502	*9,645*	*1 3/16*	144	36,189	*229*	*3/16*
11 September	2,425	498,280	9,753	3/8	345	98,801	*880*	*1/4*
9 October	198	46,343	*15,837*	*8*	253	72,007	*531*	*3/16*
6 November	1,264	357,317	20,034	1 9/16	337	116,132	*192*	*1/16*
4 December	2,709	777,637	69,594	2 9/16	359	102,635	*1,440*	*3/8*
31 December	1,736	564,272	29,778	1 11/16	216	64,099	204	1/8
Total	14,701	3,740,536	32,980	1/4	3,506	947,228	*9,493*	*1/4*

Calendar Year 1948

4-week period ending	Meat packing plants: Shipments 000's pounds	Meat packing plants: Sales value	Meat packing plants: Profit or *loss*	Meat packing plants: Profit or *loss* per pound	Wholesale branches: Shipments 000's pounds	Wholesale branches: Sales value	Wholesale branches: Profit or *loss*	Wholesale branches: Profit or *loss* per pound
28 January	1,507	427,847	12,019	13/16	292	92,924	2,463	7/8
25 February	1,460	422,305	8,491	9/16	261	82,303	*714*	*1/4*
Total	2,967	850,152	20,510	11/16	553	175,227	1,749	5/16

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CANADA PACKERS LIMITED

PORK ACCOUNT

Calendar Year 1947

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
31 January	11,411	2,685,281	*95,832*	*5/6*	997	286,266	2,301	1/4
28 February	7,907	1,977,180	*126,847*	*1-5/8*	996	290,212	2,064	1/5
28 March	6,793	1,751,577	*154,636*	*2-1/4*	982	285,997	83	....
25 April	9,334	2,452,476	99,959	1-1/16	1,133	284,099	9,751	7/8
23 May	8,400	2,247,250	18,653	1/4	1,004	309,974	2,845	1/4
20 June	8,265	2,289,529	*24,857*	*1/3*	954	309,785	2,849	1/3
18 July	8,613	2,341,556	*58,738*	*11/16*	874	292,555	1,611	3/16
15 August	10,356	2,721,376	*40,735*	*1/25*	843	277,378	1,627	1/5
12 September	9,091	2,438,326	*87,957*	*31/32*	849	268,065	1,146	1/8
10 October	7,678	2,133,530	*55,186*	*23/32*	936	295,620	1,524	1/6
7 November	10,556	2,837,079	28,134	1/4	982	206,218	2,255	1/4
5 December	10,705	2,939,776	*11,737*	*1/10*	1,099	346,509	3,082	1/4
2 January, 1947	7,773	2,152,874	*93,972*	*1-1/5*	1,082	341,253	1,339	1/8
Total	116,882	30,967,810	*603,751*	*1/2*	12,731	3,993,931	32,477	1/4

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CANADA PACKERS LIMITED

Canned Meats Account

Calendar Year 1947

4-week period ending	Meat packing plants: Shipments 000's pounds	Meat packing plants: Sales value	Meat packing plants: Profit or *loss*	Meat packing plants: Profit or *loss* per pound	Wholesale branches: Shipments 000's pounds	Wholesale branches: Sales value	Wholesale branches: Profit or *loss*	Wholesale branches: Profit or *loss* per pound
		$	$	cts.		$	$	cts.
30 January	6,203	1,370,791	54,963	7/8	412	142,389	8,217	2
27 February	6,876	1,462,914	48,340	11/16	227	77,789	5,216	2-5/16
27 March	4,809	1,110,280	204,951	4-1/4	171	57,650	*5,338*	*3-1/8*
24 April	3,736	946,211	37,677	1	436	145,766	6,365	1-7/16
22 May	2,546	749,932	11,470	7/16	301	103,385	5,236	1-3/4
19 June	2,818	851,864	5,835	3/16	309	108,104	4,138	1-5/16
17 July	3,103	998,136	18,731	5/8	365	132,468	5,251	1-7/16
14 August	3,873	1,145,310	17,340	7/16	404	147,477	5,714	1-3/8
11 September	3,568	1,123,075	38,446	1-1/16	463	164,389	6,123	1-5/16
9 October	1,041	267,808	*27,208*	*2-5/8*	571	195,560	8,541	1-1/2
6 November	2,027	587,882	14,927	3/4	175	58,709	1,943	1-1/8
4 December	6,830	1,735,067	131,640	1-15/16	369	134,589	5,197	1-7/16
31 December	4,317	1,055,953	35,745	13/16	128	45,114	1,060	13/16
Total	51,747	13,405,223	592,857	1-1/8	4,331	1,513,389	57,663	1-5/16

Calendar Year 1948

4-week period ending	Meat packing plants: Shipments 000's pounds	Meat packing plants: Sales value	Meat packing plants: Profit or *loss*	Meat packing plants: Profit or *loss* per pound	Wholesale branches: Shipments 000's pounds	Wholesale branches: Sales value	Wholesale branches: Profit or *loss*	Wholesale branches: Profit or *loss* per pound
28 January	2,904	817,236	16,486	9/16	362	130,177	7,005	1-15/16
25 February	2,041	561,734	*16,168*	*13/16*	251	85,395	3,150	1-1/4
Total	4,945	1,378,970	318	....	613	215,572	10,155	1-5/8

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CANADA PACKERS LIMITED

COOKED MEATS ACCOUNT

Calendar Year 1946

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
31 January	3,431	748,075	631	1/50	796	170,211	3,256	2/5
28 February	3,584	795,436	*8,207*	*1/5*	784	173,349	4,292	35/64
28 March	3,421	751,245	*7,583*	*1/5*	773	168,148	804	1/10
25 April	3,356	769,420	15,428	7/16	747	164,148	7,976	1-1/16
23 May	3,097	779,381	25,085	4/5	729	174,457	7,122	49/50
20 June	3,356	844,441	14,274	7/16	642	159,326	5,373	5/6
18 July	4,460	1,061,718	11,092	1/4	887	209,360	7,423	5/6
15 August	4,878	1,263,649	4,019	1/12	1,148	252,820	7,081	5/8
12 September	5,261	1,207,762	7,297	1/8	1,145	260,347	6,918	3/5
10 October	4,653	1,051,557	8,024	3/16	973	221,762	6,156	5/8
7 November	5,046	1,119,726	16,635	1/3	996	227,953	7,542	3/4
5 December	5,313	1,139,783	12,375	1/4	1,064	238,520	5,958	9/16
2 January, 1947	3,750	816,279	*28,923*	*3/4*	889	198,081	4,326	1/2
Total	53,606	12,348,472	70,147	1/8	11,573	2,618,482	74,227	2/3

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CANADA PACKERS LIMITED

Cooked Meats Account

Calendar Year 1947

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
30 January	3,822	1,012,939	41,555	1/1/10	897	235,044	16,618	1-5/6
27 February	3,792	1,054,586	53,858	1-5/12	866	264,348	10,558	1-1/5
27 March	3,539	994,947	27,626	3/4	770	222,234	4,110	17/32
24 April	3,688	1,042,031	55,138	1-1/2	855	240,876	10,710	1-1/4
22 May	4,390	1.241,962	52,929	1-1/5	946	272,825	11,873	1-1/4
19 June	4,898	1,365,039	59,421	1-1/5	1,022	294,019	11,220	1
17 July	5,132	1,434,717	49,138	15/16	1,100	311,086	13,798	1-1/4
14 August	4,976	1,383,728	55,778	1-3/25	979	289,474	11,661	1-1/5
11 September	4,946	1,380,538	63,610	1-1/4	974	276,161	12,815	1-1/3
9 October	367	94,260	*74,922*	*20-7/16*	589	172,641	10,362	1-3/4
6 November	1,834	500,148	*17,935*	*31/32*	288	95,511	6,862	2-3/8
4 December	5,556	1,416,135	72,372	1-1/3	990	275,885	16,164	1-5/8
31 December	3,304	916,470	28,628	7/8	682	196,329	5,164	3/4
Total	50,244	13,837,500	467,196	11/12	10,958	3,146,433	141,915	1-1/3

Calendar Year 1948

4-week period ending	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
28 January	3,043	920,700	27,861	9/10	688	212,757	10,587	1-1/2
25 February	3,294	993,215	*5,246*	*1/6*	678	207,184	8,535	1-1/4
Total	6,337	1,913,915	22,615	1/3	1,366	419,941	19,122	1-1/3

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FRANK HUNNISETT LIMITED

BEEF ACCOUNT

MEAT PACKING PLANT

4-week period ending	Calendar Year 1946 Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.
31 January	922	206,361	*3,022*	*1/3*
28 February	975	211,230	*6,079*	*5/8*
28 March	773	165,871	*1,513*	*1/5*
25 April	584	129,630	*1,401*	*1/4*
23 May	144	41,681	2,333	1-5/8
20 June	716	189,076	*1,662*	*1/4*
18 July	874	246,794	1,496	1/6
15 August	873	201,982	5,076	7/12
12 September	928	213,505	917	1/10
10 October	798	194,424	4,970	5/8
7 November	906	252,271	4,872	1/2
5 December	825	210,551	3,963	1/2
2 January, 1947	705	168,441	6,635	15/16
Total	10,023	2,431,817	16,585	4/25

4-week period ending	Calendar Year 1947 Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.
30 January	537	134,392	*3,005*	*11/16*
27 February	618	163,651	*3,714*	*2/3*
27 March	494	126,427	3,611	3/4
24 April	659	173,221	*749*	
22 May	828	216,643	*3,933*	*15/32*
19 June	752	197,182	*12,327*	*1-41/64*
17 July	865	224,525	*11,099*	*1-9/32*
14 August	1,004	283,863	*8,548*	*27/32*
11 September	914	270,869	4,389	1/2
9 October	75	17,671	*2,802*	*3-3/4*
6 November	329	102,928	4,504	1-3/8
4 December	705	257,077	21,150	3
31 December	637	219,071	16,560	2-9/16
Total	8,417	2,387,520	4,037	3/64

Calendar Year 1948

4-week period ending	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.
28 January	883	274,579	13,529	1-17/32
25 February	845	256,205	*667*	*5/64*
Total	1,728	530,784	12,862	3/4

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FRANK HUNNISETT LIMITED

MEAT PACKING PLANT

VEAL ACCOUNT

4-week period ending	Calendar Year 1946: Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.
31 January	20	4,442	*527*	*2-5/8*
28 February	22	4,786	*212*	*15/16*
28 March	32	6,737	*610*	*1-7/8*
25 April	78	16,664	*312*	*2/5*
23 May	59	12,439	*1,519*	*2-9/16*
20 June	60	12,778	*1,058*	*1-3/4*
18 July	69	14,775	19	1/36
15 August	51	10,858	*536*	*1-1/16*
12 September	22	4,689	9	1/25
10 October	9	1,953	99	1-1/10
7 November	60	13,250	*467*	*3/4*
5 December	44	9,346	*749*	*1-11/16*
2 January, 1947	13	3,354	*7*	*1/16*
Total	539	116,071	*5,870*	*1-1/16*

4-week period ending	Calendar Year 1947: Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.
30 January				
27 February		1,110		
27 March	19	4,114	*904*	*4-3/4*
24 April	37	7,900	*1,220*	*3-3/10*
22 May	69	15,734	*1,817*	*2-5/8*
19 June	42	12,324	*1,024*	*2-7/16*
17 July	41	9,639	*669*	*1-5/8*
14 August	10	5,300	*162*	*1-5/8*
11 September	2	1,553	8	2/5
9 October				
6 November	19	5,068	721	3-3/4
4 December	48	12,046	2,598	5-2/5
31 December	37	9,355	1,950	5-1/4
Total	324	84,143	*519*	*1/6*

Calendar Year 1948

4-week period ending	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.
28 January	29	8,863	368	1-1/4
25 February	30	9,010	*109*	*3/8*
Total	59	17,873	259	7/16

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FRANK HUNNISETT LIMITED

LAMB ACCOUNT

MEAT PACKING PLANT

4-week period ending	Calendar Year 1946 Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.
31 January	94	27,034	*668*	*11/16*
28 Bebruary	87	25,631	*693*	*4/5*
28 March	42	13,045	214	1/2
25 April	38	12,590	*240*	*5/8*
23 May	19	6,278	*698*	*3-11/16*
20 June	27	7,729	*385*	*1-7/16*
18 July	25	7,347	*159*	*5/8*
15 August	63	20,976	*348*	*9/16*
12 September	77	25,128	2,061	2-11/16
10 October	102	36,321	1,726	1-11/16
7 November	82	26,037	263	5/16
5 December	77	24,202	333	7/16
2 January, 1947	40	11,864	*1,153*	*2-7/8*
Total	773	244,182	253	1/30

4-week period ending	Calendar Year 1947 Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.
30 January	54	16,447	*558*	*1-1/16*
27 February	59	19,043	*945*	*1-3/5*
27 March	31	9,995	*185*	*3/5*
24 April	39	12,478	*388*	*1*
22 May	....	128	....	....
19 June	3	784	*105*	*3-1/2*
17 July	11	3,244	*308*	*2-4/5*
14 August	24	7,328	*171*	*7/10*
11 September	74	24,582	1,359	1-4/5
9 October	4	1,404	*354*	*8-7/8*
6 November	17	6,665	520	3-1/16
4 December	63	24,024	2,537	4-3/10
31 December	47	17,346	1,005	2-7/50
Total	426	143,468	2,405	9/16

Calendar Year 1948

4-week period ending	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.
28 January	58	22,326	*112*	*1/5*
25 February	63	25,469	964	1-17/32
Total	121	47,795	852	45/64

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CANADA PACKERS LIMITED

Lard Account

Calendar Year 1946

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
31 January	954	127,045	*4,408*	*7/16*	166	23,585	*365*	*3/16*
28 February	1,916	287,947	3,087	3/16	637	148,709	*1,794*	*1/4*
28 March	1,171	179,617	767	1/16	306	54,688	*1,860*	*5/8*
25 April	725	116,365	484	1/16	129	20,961	6	...
23 May	766	124,381	*4,674*	5/8	174	30,530	*447*	*1/4*
20 June	851	138,076	*5,331*	*5/8*	193	31,607	*301*	*3/16*
18 July	733	118,894	*4,174*	*9/16*	143	23,979	*214*	*1/8*
15 August	556	90,326	*3,412*	*5/8*	108	18,016	*172*	*1/8*
12 September	495	80,096	*7,852*	*1-9/16*	115	19,019	*54*	*1/16*
10 October	545	94,634	*1,770*	*5/16*	84	13,866	61	1/16
7 November	767	117,535	*2,791*	*3/8*	141	23,706	*162*	*1/8*
5 December	882	144,336	509	1/16	189	31,998	*319*	*3/16*
2 January, 1947	940	153,864	2,453	1/4	201	33,270	*587*	*1/4*
Total	11,301	1,773,116	*27,112*	*1/4*	2,586	473,934	*6,158*	*1/4*

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CANADA PACKERS LIMITED

LARD ACCOUNT

Calendar Year 1947

4-week period ending	Meat packing plants: Shipments 000's pounds	Meat packing plants: Sales value	Meat packing plants: Profit or *loss*	Meat packing plants: Profit or *loss* per pound	Wholesale branches: Shipments 000's pounds	Wholesale branches: Sales value	Wholesale branches: Profit or *loss*	Wholesale branches: Profit or *loss* per pound
		$	$	cts.		$	$	cts.
30 January	832	165,308	21,041	2-1/2	182	35,910	569	5/16
27 February	794	172,056	2,556	5/16	200	44,217	*630*	*5/16*
27 March	838	183,813	12,468	1-1/2	184	39,863	*339*	*3/16*
24 April	1,063	232,374	9,146	7/8	182	40,223	*211*	*1/8*
22 May	1,223	268,172	*693*	*1/16*	210	45,653	*296*	*1/8*
19 June	1,201	264,210	1,534	1/8	261	56,912	*286*	*1/8*
17 July	1,385	306,758	2,079	1/8	311	68,547	*493*	*3/16*
14 August	1,511	326,759	*5,452*	*1/4*	283	62,213	*653*	*1/4*
11 September	2,166	487,084	525	1/48	417	103,788	96	1/48
9 October	338	67,556	*17,502*	*5-1/16*	281	65,498	*1,217*	*7/16*
6 November	1,705	422,913	*1,607*	1/8	342	96,700	*1,697*	*1/2*
4 December	2,541	555,317	17,153	11/16	479	105,016	627	1/8
31 December	1,734	374,803	195	....	330	72,308	*1,704*	*1/2*
Total	17,331	3,827,123	41,443	1/4	3,662	836,848	*6,234*	*3/16*

Calendar Year 1948

4-week period ending	Meat packing plants: Shipments 000's pounds	Meat packing plants: Sales value	Meat packing plants: Profit or *loss*	Meat packing plants: Profit or *loss* per pound	Wholesale branches: Shipments 000's pounds	Wholesale branches: Sales value	Wholesale branches: Profit or *loss*	Wholesale branches: Profit or *loss* per pound
28 January	2,048	440,298	19,298	15/16	399	89,499	*1,352*	*5/16*
25 February	1,694	440,538	9,926	9/16	394	87,968	*1,321*	*5/16*
Total	3,742	880,836	29,224	3/4	793	177,467	*2,673*	*5/16*

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MEAT PACKING PLANT

CANADA PACKERS LIMITED

HIDES AND SKINS ACCOUNT

4-week period ending	Calendar Year 1946				4-week period ending	Calendar Year 1947			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound		Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.			$	$	cts.
31 January	4,354	640,852	24,043	9/16	30 January	2,313	382,596	11,790	1/2
28 February	2,869	452,000	11,016	3/8	27 February	2,111	368,973	34,711	1-5/8
28 March	2,251	332,261	*39,204*	*1-3/4*	27 March	1,822	340,103	194,351	10-3/4
25 April	2,620	397,768	27,702	1-1/16	24 April	1,953	369,541	29,850	1-1/2
23 May	2,076	324,801	18,602	7/8	22 May	1,256	225,220	5,226	7/16
20 June	1,401	224,404	8,372	9/16	19 June	1,917	354,415	11,059	9/16
18 July	1,016	188,545	5,360	1/2	17 July	1,654	303,669	10,438	5/8
15 August	2,008	283,829	5,106	5/16	14 August	1,087	202,916	5,327	1/2
12 September	2,388	403,333	9,594	3/8	11 September	1,667	352,500	13,450	13/16
10 October	2,950	448,843	8,542	5/16	9 October	378	84,612	*5,794*	*1-1/2*
7 November	3,163	514,343	10,496	5/16	6 November	1,478	457,378	191,097	12-15/16
5 December	3,411	543,169	14,197	7/16	4 December	3,145	755,540	258,405	8-3/16
2 January	2,124	317,690	*5,234*	*1/4*	31 December	2,506	762,781	77,097	3-1/16
Total	32,721	5,071,838	98,592	5/16		23,287	4,960,244	837,007	3-9/16

Calendar Year 1948

4-week period ending	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.
28 January	2,198	703,313	56,475	2-9/16
25 February	3,101	885,507	23,263	3/4
Total	5,299	1,588,820	79,738	1-1/2

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CANADA PACKERS LIMITED

BY-PRODUCTS
Calendar Year 1946

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
31 January	6,602	568,978	35,096	9/16	502	93,630	3,242	5/8
28 February	5,487	524,317	32,141	9/16	482	69,344	1,588	5/16
28 March	5,841	503,269	1,894	1/32	416	64,980	*661*	*3/16*
25 April	5,874	538,662	36,018	5/8	445	74,956	1,497	5/16
23 May	3,252	360,419	12,402	3/8	309	42,731	1,740	9/16
20 June	4,350	427,972	33,184	3/4	253	37,902	1,790	11/16
18 July	4,988	461,555	31,994	5/8	319	49,004	1,235	3/8
15 August	5,193	482,662	30,559	9/16	365	53,008	979	1/4
12 September	6,748	645,871	48,642	3/4	386	64,945	2,651	11/16
10 October	6,937	690,213	25,781	3/8	506	77,477	1,937	3/8
7 November	7,561	775,384	44,212	9/16	441	72,921	2,034	7/16
5 December	8,973	815,918	55,447	9/16	541	80,974	2,104	3/8
2 January, 1947	6,363	575,726	22,888	3/8	431	62,336	543	1/8
Total	78,169	7,370,946	410,258	1/2	5,396	844,208	20,679	3/8

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CANADA PACKERS LIMITED

By-Products

Calendar Year 1947

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
30 January	4,855	479,481	43,060	7/8	353	78,585	3,119	7/8
27 February	4,637	476,573	35,657	3/4	292	49,269	6,667	1/4
27 March	4,153	448,476	35,104	7/8	204	38,204	480	1/4
24 April	4,687	443,762	52,007	1-1/8	261	48,160	1,845	11/16
22 May	5,727	681,038	52,181	15/16	267	51,858	1,500	9/16
19 June	4,520	501,746	36,889	13/16	268	53,525	868	5/16
17 July	3,746	458,438	9,549	1/4	190	35,975	850	7/16
14 August	4,377	472,730	24,437	9/16	247	43,926	586	1/4
11 September	5,171	576,324	28,713	9/16	408	70,194	697	3/16
9 October	925	92,680	*29,541*	*3-3/16*	214	40,667	1,269	9/16
6 November	2,822	400,754	13,151	7/16	210	42,306	2,313	1-1/8
4 December	9,013	981,651	125,882	1-3/8	457	91,125	3,943	7/8
31 December	6,397	712,248	77,800	1-1/4	296	65,852	1,087	3/8
Total	61,030	6,725,901	504,889	13/16	3,667	709,646	19,224	1/2

Calendar Year 1948

28 January	7,248	951,806	160,471	2-3/16	437	101,172	10,111	2-5/16
25 February	6,986	937,350	78,141	1-1/8	408	90,472	2,868	11/16
Total	14,234	1,889,156	238,612	1-11/16	845	191,644	12,979	1-9/16

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CANADA PACKERS LIMITED

SALES AND RESULTS

Meat packing plants

Calendar year 1946

4-week period ending	Shipments meat only	Sales value meat only	Profit or *loss* meat only	Profit or *loss* per lb.	Sales value by-products	Profit or *loss* by-products	Profit or *loss* per lb. meat by-products	Sales value all meat	Profit or *loss* all meat	Profit or *loss* per lb.
	(000's lbs.)	$	$	cts.	$	$	cts.	$	$	cts.
31 January	50,591	10,649,433	*93,796*	....	1,336,875	54,731	....	11,986,308	*39,065*	
28 February	40,812	8,676,790	*145,373*	....	1,264,264	46,244	....	9,941,054	*99,129*	
28 March	35,222	7,517,973	*329,556*	....	1,015,147	*36,543*	....	8,533,120	*366,099*	
5 April	36,904	8,093,311	135,760	....	1,052,795	64,204	....	9,146,106	199,964	
23 May	23,411	5,631,554	*3,312*	....	809,601	26,330	....	6,441,155	23,018	
20 June	29,794	7,198,740	*95,281*	....	790,452	36,225	....	7,989,192	*59,056*	
18 July	36,402	8,693,028	*142,290*	....	768,994	33,180	....	9,462,022	*109,110*	
15 August	40,946	9,565,675	*50,101*	....	856,817	32,253	....	10,422,492	*17,848*	
12 September	47,377	10,696,768	*80,739*	....	1,129,300	50,384	....	11,826,068	*30,355*	
10 October	46,588	10,437,648	*40,756*	....	1,233,690	32,553	....	11,671,338	*8,203*	
7 November	54,569	11,995,185	213,497	....	1,407,262	51,917	....	13,402,447	265,414	
5 December	56,218	12,317,203	57,075	....	1,503,423	70,153	....	13,820,626	127,228	
2 January, 1947	36,381	8,128,006	*164,235*	....	1,047,280	20,107	....	9,175,286	*144,128*	
Total	55,215	119,601,314	*739,107*	*1/8*	14,215,900	481,738	1/10	133,817,214	*257,369*	*1/20*

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CANADA PACKERS LIMITED

Sales and Results

Meat packing plants

Calendar year 1947

4-week period ending	Shipments meat only	Sales value meat only	Profit or *loss* meat only	Profit or *loss* per lb.	Sales value by-products	Profit or *loss* by-products	Profit or *loss* per lb. meat by-products	Sales value all meat	Profit or *loss* all meat	Profit or *loss* per lb.
	(000's lbs.)	$	$	cts.	$	$	cts.	$	$	cts.
30 January	32,219	7,872,743	*26,605*		1,027,385	75,891		8,900,128	49,286	
27 February	31,982	7,857,153	23,040		1,017,602	72,924		8,874,755	95,964	
27 March	28,108	7,349,863	244,078		972,392	241,923		8,322,255	486,001	
24 April	28,045	7,601,964	9,561		1,045,677	91,003		8,647,641	100,564	
22 May	31,661	8,391,532	*116,571*		1,174,430	56,714		9,565,962	*59,857*	
19 June	28,970	7,984,053	*141,319*		1,120,371	49,482		9,104,424	*91,837*	
17 July	29,229	8,155,603	*93,735*		1,068,865	22,066		9,224,468	*71,669*	
14 August	35,265	9,488,454	*27,529*		1,002,405	24,312		10,490,859	*3,217*	
11 September	40,340	10,684,850	112,486		1,415,908	42,688		12,100,758	155,174	
9 October	6,045	1,556,151	*401,343*		244,848	*52,837*		1,800,999	*454,180*	
6 November	18,675	5,055,501	90,676		1,281,045	202,641		6,336,546	293,317	
4 December	53,448	13,883,089	806,142		2,292,508	401,440		16,175,597	1,207,582	
31 December	44,099	11,469,014	325,181		1,849,832	155,092		13,318,846	480,273	
Total	408,086	107,349,970	804,062	1/5	15,513,268	1,383,339	1/3	122,863,238	2,187,410	1/2

Calendar year 1948

4-week period ending	Shipments meat only	Sales value meat only	Profit or *loss* meat only	Profit or *loss* per lb.	Sales value by-products	Profit or *loss* by-products	Profit or *loss* per lb. meat by-products	Sales value all meat	Profit or *loss* all meat	Profit or *loss* per lb.
28 January	36,524	10,348,927	264,719	....	2,095,417	236,244	....	12,444,344	500,963	
25 February	38,982	11,351,516	*94,603*	....	2,263,395	111,330	....	13,614,911	16,727	
Total	75,506	21,700,443	170,116	1/5	4,358,812	347,574	11/25	26,059,255	517,690	17/25

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CANADA PACKERS LIMITED

SALES AND RESULTS

Wholesale Branches

Calendar Year 1946

4-week period ending	Shipments meat only	Sales value meat only	Profit or *loss* meat only	Profit or *loss* per lb.	Sales value by-products	Profit or *loss* by-products	Profit or *loss* per lb. meat by-products	Sales value all meat	Profit or *loss* all meat	Profit or *loss* per lb.
	(000's lbs.)	$	$	cts.	$	$	cts.	$	$	cts.
31 January	6,502	1,488,756	*1,354*	....	117,215	2,877	....	1,605,971	1,523	
28 February	6,231	1,461,484	*3,518*	....	218,053	*206*	....	1,679,537	*3,724*	
28 March	6,144	1,420,814	*28,802*	....	119,668	*2,521*	....	1,540,482	*31,323*	
25 April	6,338	1,541,987	19,511	....	95,917	1,503	....	1,637,904	21,014	
23 May	4,525	1,150,109	14,136	....	73,261	1,293	....	1,223,370	15,429	
20 June	5,099	1,298,987	13,270	....	69,509	1,489	....	1,368,496	14,759	
18 July	6,415	1,676,897	8,836	....	72,983	1,021	....	1,749,880	9,857	
15 August	6,479	1,612,372	4,266	....	71,024	807	....	1,683,396	3,073	
12 September	7,226	1,739,932	5,404	....	83,964	2,597	....	1,823,896	8,001	
10 October	7,117	1,708,562	2,872	....	91,343	1,998	....	1,799,905	4,870	
7 November	7,346	1,787,495	5,885	....	96,627	1,872	....	1,884,122	7,757	
5 December	7,375	1,786,835	1,510	....	112,972	1,785	....	1,899,807	3,295	
2 January, 1947	5,726	1,381,407	*4,046*	....	95,606	6	....	1,477,013	*4,040*	
Total	82,523	20,055,637	37,970	1/21	1,318,142	14,521	1/58	21,373,779	52,491	1/16

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CANADA PACKERS LIMITED

SALES AND RESULTS — WHOLESALE BRANCHES

Calendar Year 1947

4-week period ending	Shipments meat only	Sales value meat only	Profit or *loss* meat only	Profit or *loss* per lb.	Sales value by-products	Profit or *loss* by-products	Profit or *loss* per lb. meat by-products	Sales value all meat	Profit or *loss* all meat	Profit or *loss* per lb.
	(000's lbs.)	$	$	cts.	$	$	cts.	$	$	cts.
30 January	5,692	1,509,238	19,823		114,495	3,688		1,623,733	23,511	
27 February	5,010	1,434,850	5,359		93,486	37		1,528,336	5,396	
27 March	4,963	1,384,618	*21,020*		78,067	141		1,462,685	*20,879*	
24 April	5,676	1,604,455	12,357		88,383	1,634		1,692,838	13,991	
22 May	5,625	1,566,541	10,022		97,511	1,204		1,664,052	11,226	
19 June	5,006	1,450,556	8,583		110,437	582		1,560,993	9,165	
17 July	4,965	1,433,144	13,515		104,522	357		1,537,666	13,872	
14 August	5,530	1,552,697	4,977		106,139	*67*		1,658,836	4,910	
11 September	6,858	1,831,062	10,822		173,982	793		2,005,044	11,615	
9 October	4,869	1,374,429	11,366		106,165	52		1,480,594	11,418	
6 November	3,973	1,093,846	13,911		139,006	616		1,232,852	14,527	
4 December	7,270	2,032,633	47,973		196,141	4,570		2,228,774	52,543	
31 December	6,054	1,753,653	25,165		138,160	*617*		1,891,813	24,548	
Total	71,491	20,021,722	162,853	11/50	1,546,494	12,990	1/55	21,568,216	175,843	1/4

Calendar Year 1948

4-week period ending	Shipments meat only	Sales value meat only	Profit or *loss* meat only	Profit or *loss* per lb.	Sales value by-products	Profit or *loss* by-products	Profit or *loss* per lb. meat by-products	Sales value all meat	Profit or *loss* all meat	Profit or *loss* per lb.
28 January	6,432	1,975,564	70,766		190,671	8,759		2,166,235	79,525	
25 February	5,690	1,758,105	29,431		178,440	1,547		1,936,545	30,978	
Total	12,122	3,733,669	100,197	4/5	369,111	10,306	4/50	4,102,780	110,503	9/10

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Schedule 5

CANADA PACKERS LIMITED

BEEF AND PORK INVENTORY QUANTITIES

(Pounds—000's omitted)

—	22 October		31 December		28 January		25 February	
	1946	1947	1946	1947	1948	1948	1947	1948
1. FROZEN BEEF—								
(a) Stored for the Meat Board	678	175	963	811	293	1,612	168	1,082
(b) Stored on contract for customers	862	53	948	1,406	368	717	241	1,332
(c) Other	910	559	1,430	3,253	729	3,225	773	3,238
2. OTHER BEEF	4,168	1,486	1,906	4,613	2,194	5,420	1,975	4,451
3. TOTAL BEEF	6,618	2,273	5,247	10,083	3,584	10,974	3,157	10,103
4. FREEZER PORK—								
(a) Meat Board	38	1,278	6,030	508	6,796	3,668	6,080	7,609
(b) Other	620	1,500	991	4,874	1,150	6,248	1,348	6,568
5. OTHER PORK—								
(a) Meat Board	2,416	663	1,155	1,005	1,634	2,788	2,725	1,850
(b) Other	4,966	5,779	4,025	8,374	4,242	7,325	4,842	7,405
6. TOTAL PORK	8,040	9,220	12,201	14,761	13,822	20,029	14,995	23,432
7. LARD	220	425	240	620	305	555	231	453

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Schedule 6

CANADA PACKERS LIMITED

Weekly Average Prices Paid at Toronto for A Grade Hogs, per 100 pounds—

Hot Dressed Weight

1939

September 2	$11.17
September 9	11.77
September 16	13.12
September 23	12.50
September 30	12.61

1947

August 2	$22.89	November 1	$23.08
August 9	22.90	November 8	23.06
August 16	23.13	November 15	23.10
August 23	23.14	November 22	23.12
August 30	23.14	November 29	23.19
September 6	23.39	December 6	23.13
September 13	23.64	December 13	23.14
Strike Period		December 20	23.28
October 25	23.10	December 27	23.43

1948

January 3	$25.27
January 10	28.66
January 17	28.72
January 24	28.74
January 31	28.78
February 7	28.94
February 14	28.99
February 21	28.97
February 28	29.01
March 6	29.25
March 13	29.39
March 20	29.44

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Schedule 7

CANADA PACKERS LIMITED

Hot Dressed Weight of Cattle and Hogs Slaughtered

Four Weeks Ending	Cattle (Pounds)	Hogs (Pounds)
September 28, 1939	14,077,763	12,304,087
August 14, 1947	15,579,655	11,767,184
September 11, 1947	17,693,181	12,005,274
October 9, 1947	323,919	539,408
November 6, 1947	12,114,248	14,953,087
December 4, 1947	29,840,545	32,065,220
December 31, 1947	20,464,885	21,784,258
January 28, 1948	20,644,162	23,526,414
February 25, 1948	18,497,144	21,093,017
	135,157,739	137,733,862

Note: Strike period was from September 10 to October 24, 1947.

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Schedule 8

CANADA PACKERS LIMITED

ANALYSIS OF EXPORT SALES

(in pounds)

	1947						1948		
	14 August	11 September	9 October	6 November	4 December	31 December	28 January	25 February	Total
Beef									
United Kingdom	92,987	769,264	103,048	130,235	3,350,648	3,609,750	476,122	3,371,173	11,903,227
Other Export	42,079	98,099	106,908	96,202	360,680	295,856	52,652	58,359	1,110,835
Domestic	9,037,757	10,036,208	1,258,846	3,951,117	11,082,703	9,560,330	10,987,466	10,783,619	66,698,046
Total	9,172,823	10,903,571	1,468,802	4,177,554	14,794,031	13,465,936	11,516,240	14,213,151	79,712,108
Pork									
United Kingdom	6,270,828	5,689,466	656,336	650,144	7,302,911	6,231,500	3,034,341	4,885,557	34,721,083
Other Export	345,392	76,293	40,600	209,267	343,163	143,916	148,003	122,769	1,429,403
Domestic	2,746,785	4,168,988	728,372	3,216,109	5,544,445	5,273,628	4,336,829	4,433,890	30,449,046
Total	9,363,005	9,934,747	1,425,308	4,075,520	13,190,519	11,649,044	7,519,173	9,442,216	66,599,532
Canned Meats									
United Kingdom	888,588	481,968	65,196	78,120	769,176	236,988	204,012	....	2,724,048
UNRRA	558,864	263,952	56,268	93,060	2,514,204	2,353,788	758,160	329,976	6,928,272
Other Export	46,703	11,349	3,403	15,046	393,065	401,033	277,999	260,803	1,409,401
Domestic	1,553,097	1,608,251	450,307	1,164,678	1,802,403	481,006	858,365	752,923	8,671,030
Total	3,047,252	2,365,520	575,174	1,350,904	5,478,848	3,472,815	2,098,536	1,343,702	19,732,751

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CANADA PACKERS LIMITED

Earnings Record

Fiscal years 1936–1948

Fiscal year ending March	Volume	Sales value	Inventory reserve	Bond interest	Income taxes	Bonuses	Net profit	Per pound	Dividends	
									Preferred	Common
		$	$ cts.	cts.	$ cts.	$ cts.	$ cts.	cts.	$ cts.	$ cts.
1936	659,706,573	63,586,883	....	49,758 00	478,490 00	414,775 00	1,288,011 18	1/5	316,710 00	600,000 00
1937	774,270,797	72,699,519	....	213,110 00	416,630 00	511,672 00	1,522,662 69	1/5	....	600,000 00
1938	836,420,547	84,145,896	....	200,644 00	268,000 00	193,040 00	1,100,559 48	1/8	....	600,000 00
1939	800,763,592	77,225,732	....	166,132 40	319,200 00	216,235 00	1,238,736 31	1/6		600,000 00
1940	913,231,116	88,205,639	579,000 00	95,564 79	978,000 00	590,018 00	1,667,809 78	1/5		800,000 00
1941	1,091,263,352	110,291,839	380,000 00	69,825 00	1,325,000 00	699,499 00	1,555,028 47	1/7	....	900,000 00
1942	1,228,029,942	144,409,292	1,310,000 00	51,300 00	2,422,860 00	755,314 50	1,611,464 91	1/8		800,000 00
1943	1,328,616,840	169,141,671	650,000 00	32,652 00	1,843,660 00	791,762 00	1,611,417 68	1/9		800,000 00
1944	1,582,932,568	206,155,938	500,000 00	13,840 11	3,023,200 00	937,106 00	1,687,586 76	1/10		800,000 00
1945	1,698,326,055	228,398,111	581,000 00	....	3,657,620 00	1,060,942 00	1,824,811 19	1/10	....	900,000 00
1946	1,526,436,095	208,997,520	....	....	2,803,930 00	1,195,046 00	1,816,780 68	1/8		1,000,000 00
1947	1,373,180,493	204,068,650	....	....	1,699,210 00	1,248,390 00	2,059,643 87	1/7		1,000,000 00
1948	1,447,725,661	238,454,307	626,000 00	50,491 80	2,140,000 00	1,500,000 00	2,178,000 00	1/7		1,000,000 00
Total	15,260,923,631	1,895,880,727	4,626,000 00	943,318 10	21,375,800 00	10,113,799 50	21,162,513 00	1/7	316,710 00	10,400,000 00
Per pound			3/100	3/500	1/7	1/15	1/7			1/15
Per cent of sales	....	....	·24	·05	1·13	·53	1·12			·55

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CANADA PACKERS LIMITED

EARNINGS RECORD

Fiscal Years 1936–1948

Fiscal year ending March	Volume	Sales value	Profit before inventory reserve income tax and bonus	Per pound	Inventory reserve	Income taxes	Bonuses	Net profit	Per pound	Common dividends
				cts.	$	$	$	$	cts.	$
1936	659,706,573	63.586,883	2,181,276	1/3	....	478,490	414,775	1,288,011	1/5	600,000
1937	774,270,997	72,699,519	2,450,964	1/3	....	416,630	511,672	1,522,663	1/5	600,000
1938	836,420,547	84,145,896	1,561,599	1/5	....	268,000	193,040	1,100,559	1/8	600,000
1939	800,763,592	77,225,732	1,774,171	1/5	....	319,200	216,235	1,238,736	1/6	600,000
1940	913,251,116	88,205,639	3,814,827	1/3	579,000	978,000	590,018	1,667,810	1/5	800,000
1941	1,091,263,352	110,291,839	3,959,527	1/3	380,000	1,325,000	699,499	1,555,028	1/7	900,900
1942	1,228,029,942	144,509,292	6,099,638	1/2	1,310,900	2,422,860	755,314	1,611,465	1/8	800,000
1943	1,328,616,840	169,141,671	4,896,839	1/3	650,900	1,843,660	791,762	1,611,418	1/9	800,000
1944	1,582,932,568	206.155,938	6,147,892	1/2	500,000	3,023,200	937,106	1,687,587	1/10	800,900
1945	1,698,326,055	228,398,111	7,124,373	1/2	581,000	3,657,620	1,060,942	1,824,811	1/10	900,000
1946	1,526,436,095	208,997,520	5,815,756	1/3	....	2,803,930	1,195,046	1,816,781	1/8	1,000,000
1947	1,373,180,493	204,068,650	5,007,243	1/3	....	1,699,210	1,248,390	2,059,644	1/7	1,000,000
1948	1,447,725,661	238,454,037	6,444,000	1/2	626,000	2,140,000	1,500,000	2,178,000	1/7	1,000,000
Total	15,260,923,631	1,895,880,727	57,278,105	1/3	4,626,000	21,375,800	10,113,799	21,162,513	1/7	10,400,000
Per pound	....	....	1/3¢	....	3/100¢	1/7¢	1/15¢	1/7¢	....	1/15¢
Per cent of sales	....	....	3·02%	....	0·24%	1·13%	0·53%	1·12%	....	0·55%

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CANADA PACKERS LIMITED

1. Number of meat packing establishments operating under Dominion Government Inspection, year ended 31st March, 1946. (Authority: Report of the Veterinary Director-General for year ended 31st March, 1946).

Prince Edward Island	7
New Brunswick	3
Quebec	26
Ontario	28
Manitoba	10
Saskatchewan	7
Alberta	10
British Columbia	10
	101

2. Number of persons or firms purchasing Live Stock on the Toronto, Winnipeg, and Calgary markets as of week ending 4th March, 1948:

Toronto	50
Winnipeg	16
Calgary	16
	82

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CANADA PACKERS LIMITED

COLD STORAGE HOLDINGS

(Expressed in 1,000 pounds)

As at first of each month	Frozen pork		Total pork		Frozen beef	
	Quantity	P.c. of total Canada	Quantity	P.c. of total Canada	Quantity	P.c. of total Canada
1939						
January	1,552	14·5	5,807	21·8	3,714	32·9
February	1,395	12·2	5,963	20·5	2,603	29·4
March	1,730	14·4	6,874	21·9	1,757	25·9
April	2,160	16·3	8,367	24·2	1,208	22·4
May	3,332	20·8	8,691	23·9	997	21·2
June	3,333	20·7	9,044	25·2	688	19·2
July	3,130	23·1	8,406	25·8	971	28·0
August	1,841	19·9	8,165	26·6	794	25·5
September	902	14·1	6,240	24·1	704	25·1
October	1,022	15·1	7,487	27·0	2,553	39·7
November	3,341	25·4	11,917	29·8	6,799	46·8
December	5,068	30·3	13,833	29·3	8,738	45·7
Average	2,401	20·0	8,400	25·4	2,627	35·1
1940						
January	5,256	32·8	13,120	29·7	8,035	41·6
February	6,186	33·2	12,967	28·8	7,485	43·1
March	10,964	38·6	18,730	33·1	7,343	46·3
April	12,327	33·0	18,592	30·4	6,458	43·3
May	13,590	32·3	21,005	30·6	5,287	42·1
June	13,969	30·8	21,456	29·8	4,430	43·3
July	11,216	29·4	18,988	28·8	3,050	41·1
August	5,823	22·6	14,474	27·0	1,837	32·9
September	1,397	17·3	11,543	30·6	1,339	31·3
October	851	14·0	11,344	30·2	1,373	32·3
November	931	15·2	13,138	31·9	2,363	43·3
December	3,372	25·5	16,286	31·4	4,793	47·7
Average	7,157	30·1	15,970	30·2	4,483	42·3
1941						
January	8,957	29·3	16,622	27·4	5,474	42·7
February	9,710	24·6	17,997	26·4	4,902	48·5
March	12,380	29·1	21,314	27·8	3,442	43·4
April	9,880	24·4	21,582	28·3	2,952	46·0
May	8,253	25·7	18,250	27·4	2,190	37·5
June	8,186	30·9	15,944	28·4	1,710	41·6
July	5,541	26·5	13,535	35·3	1,728	41·4
August	3,454	25·7	11,119	26·9	1,596	46·0
September	1,757	15·6	9,229	24·9	1,841	41·2
October	1,349	15·7	10,602	27·8	2,327	33·8
November	2,037	25·1	16,067	33·5	6,360	50·7
December	4,351	23·0	15,034	25·2	10,329	60·4
Average	6,321	25·9	15,608	27·7	3,738	46·9

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CANADA PACKERS LIMITED

Cold Storage Holdings

(Expressed in 1,000 pounds)

As at first of each month	Frozen pork		Total pork		Frozen beef	
	Quantity	P.c. of total Canada	Quantity	P.c. of total Canada	Quantity	P.c. of total Canada
1942						
January	9,550	27·6	19,894	28·2	9,872	45·5
February	10,786	29·5	22,308	29·7	8,883	46·6
March	13,103	32·9	20,941	29·1	1,844	24·7
April	10,174	28·9	20,962	28·5	5,345	45·2
May	7,934	30·1	18,745	30·7	3,303	42·5
June	7,337	28·0	16,451	28·4	2,408	40·5
July	2,147	17·1	9,702	23·3	1,554	39·6
August	1,399	19·1	7,320	23·1	1,317	39·4
September	926	14·0	6,988	24·6	1,219	36·8
October	713	14·4	8,203	28·3	635	30·1
November	979	24·3	11,938	32·4	1,836	35·5
December	2,286	25·2	15,368	31·9	5,602	33·5
Average	5,611	27·7	14,902	28·6	3,652	37·9
1943						
January	6,061	27·4	14,625	26·3	6,123	30·6
February	8,837	31·5	16,209	28·9	3,253	25·6
March	7,743	30·0	16,595	29·0	2,074	23·7
April	4,142	28·3	14,739	29·7	1,724	21·8
May	4,573	25·5	15,990	29·1	1,821	21·7
June	5,757	31·5	17,646	32·7	1,446	20·0
July	5,142	28·4	13,880	29·3	1,478	21·5
August	3,500	38·4	12,336	26·9	1,434	24·3
September	1,879	15·1	11,531	27·6	1,672	24·5
October	1,177	11·2	11,713	28·5	2,007	23·7
November	1,542	10·4	15,457	26·7	3,685	29·1
December	2,270	9·4	17,304	24·4	6,902	35·8
Average	4,385	23·9	14,835	28·2	2,802	26·9
1944						
January	3,749	13·6	18,426	22·1	10,319	47·3
February	5,724	15·4	22,252	25·4	10,537	41·3
March	6,192	13·3	21,631	21·5	10,353	38·4
April	8,470	21·9	24,756	23·8	9,024	40·4
May	8,804	19·1	24,861	25·2	8,[illegible]	45·4
June	8,764	21·8	22,065	25·6	5,240	34·6
July	6,476	17·3	17,392	23·1	4,165	38·3
August	3,876	15·0	12,750	26·9	3,850	41·0
September	1,523	10·5	7,657	19·0	3,847	39·0
October	970	11·0	8,751	24·8	4,402	47·6
November	763	11·7	12,553	29·5	3,957	35·6
December	919	13·3	12,484	26·6	4,996	37·7
Average	4,686	16·7	17,132	23·8	6,591	44·5

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CANADA PACKERS LIMITED

COLD STORAGE HOLDINGS

(Expressed in 1,000 pounds)

As at first of each month	Frozen pork		Total pork		Frozen beef	
	Quantity	P.c. of total Canada	Quantity	P.c. of total Canada	Quantity	P.c. of total Canada
1945						
January	2,017	29·6	11,552	24·1	4,766	32·4
February	2,692	19·0	10,692	22·1	5,443	31·1
March	4,802	22·9	11,218	23·1	4,166	29·9
April	6,735	24·3	16,617	27·7	3,519	27·4
May	10,783	30·8	17,353	27·3	2,250	23·6
June	7,724	34·1	17,505	31·2	1,140	16·5
July	4,194	35·6	10,449	26·7	1,415	33·6
August	2,535	35·3	7,709	27·4	1,548	29·5
September	960	20·8	6,237	26·3	2,257	30·7
October	790	19·5	6,938	27·8	5,432	33·8
November	936	23·8	8,071	28·8	7,328	37·9
December	833	17·8	7,895	26·1	7,606	38·8
Average	3,750	27·5	11,020	26·5	3,906	31·9
1946						
January	1,918	19·4	7,799	23·7	6,911	30·0
February	3,367	19·6	8,405	23·7	4,627	26·6
March	4,446	23·4	9,608	23·5	2,672	21·6
April	7,807	28·0	14,543	28·8	2,161	19·4
May	12,165	35·7	17,272	30·0	1,533	15·8
June	12,574	37·1	17,784	31·3	1,030	17·5
July	11,059	33·2	16,484	30·9	1,047	16·9
August	7,083	37·3	12,437	31·4	1,186	28·8
September	2,637	34·9	7,654	29·8	787	12·6
October	809	29·8	5,854	32·3	1,693	18·1
November	634	19·6	7,415	28·6	2,487	20·8
December	3,703	31·5	9,464	28·1	4,657	26·0
Average	5,684	31·1	11,227	28·6	2,566	22·8
1947						
January	6,954	36·5	11,469	29·2	4,669	28·0
February	8,180	35·7	13,999	32·4	2,935	25·7
March	7,662	35·4	14,453	32·7	2,620	28·8
April	8,736	38·4	15,245	35·0	2,250	29·8
May	12,037	47·2	19,333	34·5	2,316	37·0
June	13,261	43·3	20,822	36·9	2,226	33·0
July	12,928	41·1	20,345	36·8	1,870	35·5
August	9,623	44·5	16,193	36·0	1,384	29·8
September	4,639	35·8	11,103	32·3	1,828	25·2
October	3,760	35·0	7,754	25·6	1,026	18·0
November	2,552	22·5	9,610	25·3	754	16·2
December	3,624	22·1	15,216	27·6	4,797	25·1
Average	7,830	38·1	14,629	32·5	2,390	27·5
1948						
January	5,736	23·4	13,337	23·5	5,823	28·9
February	10,179	23·0	19,502	25·5	6,961	26·7
March	14,191	27·7	22,461	28·0	5,903	26·0

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PRODUCTION OF CANNED MEATS FOR UNRRA

As the war in Europe neared its end, it became apparent that a tremendous task was faced in feeding and clothing the peoples of the devastated countries. The problem was the more serious because of the world shortage of foods, especially meats. But, food had to be sent to these countries.

To meet this situation, Canada Packers Limited developed in its laboratories three meat products for the United Nations Relief and Rehabilitation Administration, namely: Meat Lunch, Meat Paste, Blood Sausage.

Prior to this time, most of the ingredients that were used in the Meat Paste and Blood Sausage were not being sold in Canada for human consumption, even though highly nutritious. Since Canada is normally a country with a surplus of meat, the Canadian consumer will not buy certain edible parts of the animal because more attractive cuts are available. This devolpment, therefore, reclaimed at low cost, and added to world food supplies, a very large quantity of meat that would otherwise have been used as by-products.

When the formulae on these products were accepted by UNRRA, they were made available to all Canadian meat packers through the Meat Board.

Quantities of these products shipped to UNRRA by Canada Packers Limited were (in pounds):

Calendar Year	Lunch Meat	Meat Paste	Blood Sausage	Total
1944	6,306,768	....	....	6,306,768
1945	49,850,352	3,410,352	12,375,576	65,636,280
1946	18,241,020	25,174,620	23,973,804	67,389,444
1947	4,116,456	6,393,564	2,975,616	13,485,636
	78,514,596	34,978,536	39,324,996	152,818,128

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PERCENTAGE OF CANADA PACKERS LIMITED TO TOTAL CANADIAN INSPECTED SLAUGHTERINGS OF CATTLE AND HOGS

Calendar Year	Cattle %	Hogs %	Calendar Year	Cattle %	Hogs %
1927	53·1	48·2	1938	38·9	29·4
1928	49·4	41·3	1939	38·8	29·5
1929	48·7	35·1	1940	38·1	30·4
1930	47·4	34·2	1941	38·2	25·5
1931	44·9	37·1	1942	35·2	27·9
1932	43·5	36·5	1943	34·1	29
1933	42·4	35·3	1944	38·4	28·2
1934	40·2	31·4	1945	35·6	23·5
1935	39	28·7	1946	31·9	26·6
1936	38·5	29·2	1947	28·1	27·6
1937	39·7	31			

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CANADA PACKERS LIMITED PROFIT AND LOSS ON BEEF

REPRESENTATIVE LOTS

Date Purchased—August 27, 1947

	NUMBER HEAD	LIVE WEIGHT	VALUE PAID
	30 Steers	35,390	$5,174.82
Value of By-Products			697.41
			$4,477.41
Plus Expenses			311.85
Net Cost of Beef			$4,789.26
Dressed Weight		18,900	
Yield		53·4%	
Net Cost per 100 pounds			25.34
Average Selling Price per 100 pounds			25.00
Profit or Loss per 100 pounds			.34
Paid to the Producer		$5,174.82	
Charged to the Retailer for Beef		$4,725.00	

Date Purchased—October 29, 1947.

CANADA PACKERS LIMITED PROFIT AND LOSS ON BEEF

REPRESENTATIVE LOTS

	NUMBER HEAD	LIVE WEIGHT	VALUE PAID
	15 Steers	18,940	$2,901.23
Value of By-Products			386.34
			$2,514.89
Plus Expense			172.75
Net Cost of Beef			$2,687.64
Dressed Weight		10,470	
Yield		55·2%	
Net Cost per 100 pounds			25.66
Average Selling Price per 100 pounds			25.50
Profit or Loss per 100 pounds...........			*.16*
Paid to the Producer...........		$2,901.23	
Charged to the Retailer for Beef		$2,669.85	

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Date Purchased—January 8, 1948.

	NUMBER HEAD	LIVE WEIGHT	VALUE PAID
	30 Steers	37,740	$6,151.97
Value of By-Products			733.94
			$5,418.03
Plus Expenses			328.18
Net Cost of Beef			$5,746.21
Dressed Weight		19,890	
Yield		52·7%	
Net cost per 100 pounds			28.88
Average Selling Price per 100 pounds....			29.00
Profit or Loss per 100 pounds			.12
Paid to the Producer		$6,151.97	
Charged to the Retailer for Beef		$5,768.10	

Date Purchased—March 16, 1948.

	NUMBER HEAD	LIVE WEIGHT	VALUE PAID
	74 Steers	90,860	$15,072.67
Value of By-Products			1,785.17
			$13,287.50
Plus Expenses			796.09
Net Cost of Beef.......................			$14,083.59
Dressed Weight		48,248	
Yield		53·1%	
Net Cost per 100 pounds			29.18
Average Selling Price per 100 pounds			28.50
Profit or Loss per 100 pounds...........			*.68*
Paid to the Producer		$15,072.67	
Charged to the Retailer for Beef		$13,750.68	

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CANADA PACKERS LIMITED

By-products Accounts

Net Profit or Loss—Fiscal Years 1936-1948

Fiscal Year Ending	Meat packing plants				Wholesale branches		
	Lard	Hides and skins	By-products	Total	Lard	By-products	Total
1936	179,967	417,299	536,869	1,134,135	*936*	21,758	20,822
1937	172,622	455,756	799,346	1,427,724	37	23,424	23,461
1938	68,507	91,503	673,883	833,893	*62*	20,707	20,645
1939	54,621	443,602	716,310	1,214,533	18	19,624	19,642
1940	116,000	464,672	884,162	1,464,834	*1,610*	21,449	19,839
1941	72,135	245,625	569,191	886,951	*6,178*	27,468	21,290
1942	124,818	274,121	475,318	874,257	4,042	38,627	42,669
1943	63,770	91,644	297,824	453,238	*3,118*	31,112	27,994
1944	44,525	105,942	393,779	544,246	522	26,241	26,763
1945	138,201	110,487	307,566	556,254	5,396	28,541	33,937
1946	1,171	84,329	389,968	475,468	*6,111*	28,162	22,051
1947	8,993	337,071	543,543	889,607	*2,539*	20,775	18,236
1948 (to Feb. 25)	32,538	668,803	635,020	1,336,361	*8,508*	27,937	19,429
Total	1,077,868	3,790,854	7,222,779	12,091,501	*19,047*	335,825	316,778

CANADA PACKERS LIMITED

Weekly Average Wholesale Selling Prices—Red Brand Beef
(F.O.B. Toronto)

1947		
Oct.	1, 8, 15, 22 — Strike period, No sales	
	29	25.50
Nov.	5	26.50
	12	26.00
	19	25.00
	26	25.00
Dec.	3	25.00
	10	26.00
	17	26.50
	24	26.50
	31	28.00
1948		
Jan.	7	28.50
	14	28.75
	21	28.00
	28	27.75
Feb.	4	27.50
	11	27.75
	18	28.18
	25	27.17
Mar.	3	28.48
	10	28.22
	17	28.58
	24	29.08
	31	28.85
Apr.	7	28.87
	14	29.14

CANADA PACKERS LIMITED

Wholesale Selling Prices of Pork Products
(F.O.B. Toronto)

Date		Fresh pork loins	'Maple Leaf' Smoked Ham reg.	'Maple Leaf' cottage rolls visk.	'Maple Leaf' sliced bacon halves
1947					
Sept. 29, Oct. 6, 13, 20	Strike Period				
	27	34½	38½	42¾	50
Nov.	3	35½	37½	42¾	50
	10	35½	37½	43	51
	24	35	37½	43	51½
Dec.	1	34½	37	42	51½
	8	34½	36½	41½	51½
	15	34½	36	41½	51½
	22	34½	36½	41½	51½
	29	34½	36½	41½	51½
1948					
Jan.	5	43½	44½	49½	63½
	12	43½	43½	49½	63
	19	43½	42½	48½	63
	26	43¼	40½	48½	63
Feb.	2	43¼	40½	48½	62
	9	43¼	40½	48½	62
	16	43¼	40½	48½	62
	23	43¼	42½	48½	61½
Mar.	1	43¼	42½	48½	61½
	8	43¼	42½	48½	61½
	15	43½	42½	48½	61½
	22	44¼	42½	48½	61½
	29	44¼	43½	50	62½
Apr.	5	44½	44½	51	63½
	12	44¾	44½	51	63½
	19	44¾	44½	51	64½

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CANADA PACKERS LIMITED

Red Brand Beef

Comparison of Cattle Costs and Beef Selling Prices

—	Average cost of red brand steers	Average wholesale selling prices (F.O.B. Toronto)
1947	Per 100 lbs.	Per 100 lbs.
Oct. 1	Strike period no sales.	
8		
15		
22		
29	$25.80	$25.50
Nov. 5	26.36	26.50
12	26.63	26.00
19	26.06	25.00
26	25.95	25.00
Dec. 3	26.26	25.00
10	26.58	26.00
17	27.50	26.50
24	27.89	26.50
31	28.13	28.00
1948		
Jan. 7	28.77	28.50
14	29.11	28.75
21	28.72	28.00
28	29.74	27.75
Feb. 4	28.79	27.50
11	29.69	27.75
18	28.99	28.18
25	28.56	27.17
Mar. 3	28.29	28.48
10	28.65	28.22
17	29.24	28.58
24	29.37	29.08
31	29.18	28.85
Apr. 7	29.03	28.87
14	29.24	29.14
21	29.77	30.09
28	30.91	30.63

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CANADA PACKERS LIMITED

Average Weekly Wholesale Selling Prices of Blue Brand and Commercial Beef
City of Toronto

—	Blue Brand		Commercial	
	Weight	Price per 100 lbs.	Weight	Price per 100 lbs.
1947				
Nov. 5	102,048	$25.09	110,313	$23.21
12	66,037	25.32	67,332	22.85
19	75,117	24.53	70,660	22.75
26	76,555	23.41	117,839	22.13
Dec. 3	66,694	23.90	97,786	22.06
10	64,648	23.81	108,263	22.21
17	72,846	24.69	119,606	23.94
24	64,124	25.15	84,053	24.10
31	64,848	25.52	46,941	24.66
1948				
Jan. 6	50,856	26.99	71,632	25.72
13	63,533	27.98	81,907	27.44
20	123,385	27.35	98,026	27.04
27	112,364	27.24	72,825	26.74
Feb. 3	101,778	26.95	79,326	26.38
10	156,696	27.01	123,168	25.85
17	28,061	26.52	145,817	25.91
24	67,890	26.62	83,435	25.53
Mar. 2	79,736	26.20	137,134	25.62
9	113,693	26.63	95,323	26.07
16	105,049	27.18	112,536	26.39
23	72,046	27.74	95,692	26.73
30	63,687	27.30	91,315	26.72
Apr. 6	66,538	27.42	104,299	26.85
13	78,499	27.78	127,082	27.02
20	95,207	28.36	109,030	28.36
27	96,271	29.80	104,258	29.25
Average weekly	81,854		98,285	

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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE ON PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 54

FRIDAY, MAY 7, 1948

WITNESSES:

Mr. A. G. Hall, Manager, Beef Department, Canada Packers Limited, Toronto, Ont.

Mr. Hugh M. Murray, General Provision Manager, Canada Packers Limited, Toronto, Ont.

Mr. Sam Steinberg, Steinberg's Wholesale Groceterias Limited, Montreal, Quebec.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

MINUTES OF PROCEEDINGS

FRIDAY, May 7, 1948.

The Special Committee on Prices met at 11 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Beaudoin, Harkness, Irvine, Lesage, Martin, Maybank, Mayhew, Merritt.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. A. G. Hall, Manager, Beef Department, Canada Packers Limited, Toronto, was called, sworn and examined.

In the course of Mr. Hall's examination, Mr. Hugh M. Murray, General Provision Manager, Canada Packers Limited, Toronto, was also recalled and further examined.

Witnesses retired.

Mr. Sam Steinberg, Steinberg's Wholesale Groceterias Limited, Montreal, Quebec, was recalled and further examined.

At 12.30 p.m., Mr. Mayhew took the chair in the temporary absence of the chairman.

At 1 p.m. witness retired and the committee adjourned until Monday, May 10, at 11 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

MAY 7, 1948.

The Special Committee on Prices met this day at 11 a.m. The Chairman. Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will come to order.

It seems to me that the important thing for us to clear up in our mind is this picture of stocks of meat on hand. As it stands it is most unsatisfactory, but we are going to get it or we are going to stay here until we do. That is the point which was raised by Mr. Maybank yesterday. We want to know the exact situation with regard to stocks on hand of all meats. Now, I don't suppose we can ask Canada Packers to give the general picture, but they can certainly tell us about their own picture.

Mr. DYDE: Mr. Chairman, I have one or two things to call to your attention. Mr. Hall is here and he has with him figures with reference to Canada Packers inventories of beef. We have certain figures with regard to storage stocks put in by the Dominion Bureau of Statistics. I made inquiries as to when they could get the over-all Canadian picture up to date and I have been informed the returns are now coming in with regard to May 1, and that it will not be possible to get the over-all picture with regard to May 1 for some days yet.

The CHAIRMAN: How many days?

Mr. DYDE: I do not want to fix an exact date.

The CHAIRMAN: But approximately?

Mr. DYDE: I have been told May 12 or 13.

The CHAIRMAN: Because, if there are a lot of stocks on hand, that has a lot to do with the present prices if all this theory about supply and demand is correct; and if we are going to do anything about it we should know that picture and turn it inside out. I think members agree with me on this.

Mr. LESAGE: Yes, I agree that we should have an idea of what it is. Of course, Mr. Hall can only give it for Canada Packers.

Mr. DYDE: I would like to call Mr. Hall to give us these figures.

Mr. LESAGE: Will we have Mr. Murray sworn at the same time?

The CHAIRMAN: Does he want to be sworn?

Mr. DYDE: If we need Mr. Murray we can certainly have him sworn. Mr. Hall is the officer who can give us the figures on beef, and then if we need to go further we will be glad to have Mr. Murray sworn.

The CHAIRMAN: We are in the hands of Mr. Dyde.

Allan G. Hall, Manager of Beef Department, Canada Packers Limited, called and sworn.

By Mr. Dyde:

Q. Mr. Hall, I think you have looked up figures with regard to holdings of beef of Canada Packers in storage as at May 1, and also you are able to give us exact figures as of April 1, 1948. By the way, what is your full name?—A. Allan G. Hall.

Q. And your office with Canada Packers?—A. Manager of the beef department.

Q. Would you proceed to give us the table of figures? I should like you to explain exactly what you are doing in the way of giving figures. Are these figures that were reported by you to the Dominion Bureau of Statistics?—A. Yes.

Q. You can give us these figures under the heading of April 1, 1948, and May 1, 1948, can you?—A. That is right.

Q. Now, we might take these figures under two columns, April 1, 1948, and May 1, 1948, and the first item is frozen meat. Mr. Hall, how much frozen beef did you have at April 1, 1948?—A. 4,928,000 pounds.

By the Chairman:

Q. How much?—A. 4,928,000 pounds.

By Mr. Dyde:

Q. And at May 1?—A. 2,949,000.

By the Chairman:

Q. Just a minute; two million what?—A. 2,949,000.

Q. On May 1?—A. Yes.

By Mr. Dyde:

Q. Then under the heading "Fresh" what are the figures?—A. On April 1, 3,711,000.

By the Chairman:

Q. Just a minute; it is hard to get. What is it?—A. 3,711,000. May 1, 2,870,000.

Q. Two million what?—A. 2,870,000.

Mr. Irvine: That is for this year?

Mr. Dyde: This is all for this year.

The Chairman: April 1 and May 1.

By Mr. Dyde:

Q. Under the heading "Fancy Meats" what holdings?—A. April 1, 1,299,000; May 1, 1,004,000.

Q. And under the heading "Cured" what figures?—A. April 1, 479,000.

The Chairman: It is very hard to get these. It is too bad you could not have given them to us in the form of a table.

The Witness: I got it by telephone this morning.

The Chairman: This is the crux of the problem right now, if we are going to do anything.

The Witness: April 1, 479,000.

The Chairman: That is for what kind of meat?

The Witness: Cured.

The Chairman: All right.

The Witness: May 1, 337,000.

By Mr. Dyde:

Q. And the totals?—A. The total for April 1, 6,706,000.

By the Chairman:

Q. And May 1?—A. May 1—

Mr. DYDE: Did you not get the figure, Mr. Lesage?

Mr. LESAGE: I understood that frozen meat was 4,928,000 and the other was 3,711,000.

The WITNESS: Excuse me a minute. I left off the fresh. It is 10,417,000.

By Mr. Lesage:

Q. 10,417,000?—A. Yes.

Q. And on May 1?—A. May 1, 7,160,000.

By Mr. Dyde:

Q. Now, Mr. Hall, with regard to the holdings of meat, first the fresh holdings of 2,870,000—excuse me, the frozen holdings of 2,949,000, is there any of that now sold?—A. About 800,000 pounds sold under contract.

Mr. MAYBANK: That is 2·9½. That is the way I read it.

By Mr. Irvine:

Q. Is that sold to the meat board?—A. No, sold to customers in Canada.

By Mr. Maybank:

Q. That has been reduced by how much?—A. Sold is 800,000 pounds.

Mr. DYDE: It includes 800,000 pounds which have been sold.

Mr. MAYBANK: In the meantime?

Mr. DYDE: No, on contract.

The WITNESS: Put in on contract.

By Mr. Irvine:

Q. Just in that connection why would the purchase be delayed? How long is that delay, and what are the conditions of that sale?—A. That beef was mostly sold, some of it last fall and some of it within the last few months, to various customers who bought it to protect themselves over the spring when beef is usually scarce. It is beef sold to hotels, lumber camps and trade of that kind who had to have beef supplies assured. It was sold to them at the time of sale at the going market price and put in storage for their account.

By Mr. Maybank:

Q. Is that not substantially the case of a buying of meat for future delivery?—A. Yes.

Q. There is just this point about it. I do not suppose that this 800,000 pounds bought by these various people whom you have mentioned for future delivery is actually identified and sequestrated away from other similar beef.—A. Oh, yes, it is marked for them and tagged for them and put away for their account, but not charged to them then.

Q. Is is not that a certain number of pounds in the total is for them but it is a certain selected and identified number of pounds?—A. Correct. For instance they might buy 100 loins of beef and 100 ribs of beef. They would be held for them fresh and put in storage to be charged as they are taken out.

Q. Just as though they themselves had carried it to you and said, "Please store this for me", you being a public storage?—A. Except we finance it until they take it out. We charge it to them as they take delivery.

Q. I presume it is not in any freezer or cooling premises of your own but it is in some public storage which you employ.—A. Mostly; there might be some quantity in our own plant.

Q. But in any event these are a certain number of pounds that you would not have any right whatever to sell to me or anybody else?—A. That is correct.

Q. It is well established that that particular poundage is their?—A. That is right.

By Mr. Irvine:

Q. Are they obliged to take the full amount?—A. Yes.

Q. Whether they need it or not?—A. Yes.

The CHAIRMAN: We were told yesterday your proportion was about one-quarter of the total, and it looks as though on hand now, or as of the 1st of May, we have slightly more than was on hand on April 1 last year.

Mr. LESAGE: Pardon me—

The CHAIRMAN: May 1 of last year.

Mr. LESAGE: Much more.

The CHAIRMAN: Much more. Is that right?

Mr. MAYBANK: Independently of whose it is the poundage now seems greater than it was twelve months ago.

Mr. IRVINE: And unconsumed.

By the Chairman:

Q. Is that right?—A. It looks that way.

By Mr. Lesage:

Q. Have you got your own figures for last year?—A. Yes, these are our own figures.

Q. For last year?—A. No.

Q. The total for April 1 and May 1, 1947. I would not want a breakdown. —A. I think it is in the book.

Q. It is not in the brief.—A. I should like to make an explanation in connection with the figure we gave you yesterday. I gave Mr. McLean a figure yesterday that our unsold as at April 28 was 1,367,000 pounds whereas this morning I have given you a figure that is 2,149,000. I want to explain the difference. The figure I had yesterday included only beef that was owned at our packing plants. This figure I have given you today is our complete figure including all our branches which carry stocks.

By the Chairman:

Q. I should like to keep this thing as simple as we can because if we introduce all these other figures it is complicated for me, in any event. I want to try to get a picture of what the stock situation is at the present ime. You agree that it is more than it was in April and May of last year?—A. Yes.

Q. The total picture?—A. I would say so.

Q. Estimated. Now, we have been told about the supply and demand theory and so on. It is inconceivable to me how it can be suggested now that the rise in the present price of meat is not very seriously due to the amount of meat on hand, the amount of beef on hand at the moment.—A. I think the amount of beef on hand in storage as for the last few weeks helped to keep the market for fresh beef from going higher. For instance, we have distributed during April 2,000,000 pounds of frozen beef, the difference between 4,928,000 and 2,949,000. That is an average of half a million pounds a week. Had that not been thrown on

the market the demand for beef would have been that much more in excess of the available supply, and so far as we are concerned we are selling that beef as fast as we can sell it. There is only a percentage of our customers who will buy frozen beef, and you have to send it out to areas where such customers exist. For instance, it would be very hard to sell frozen beef in the city of Toronto. There is hardly a retailer who would handle it unless there was an extreme shortage.

By Mr. Irvine:

Q. Is that not the case in previous years also?—A. Yes. I might explain this. The chief reason for the difference in the quantity of frozen beef this year as compared with last year is that at the end of 1946 and the first of 1947 we were operating under price ceilings, and the ceiling for fresh beef and frozen beef was identical, so that there was no attraction in putting any beef into storage during the period of big supply because you had no way of recovering your cost of freezing and carrying it, so that the beef was sold fresh as produced. Any surplus could be frozen and exported to England. So there was no reserve supply in the freezers a year ago, and at this time last year and right through to July we had an extreme shortage of fresh beef for the trade. It was in today and it was out to your house in the morning. It was very extreme. There was no reserve last year, and it was only the ceilings that kept the prices down where they were.

By the Chairman:

Q. The supply of live stock is continuing?—A. Yes.

Q. It is good?—A. It is good; the supply is relatively good compared to last year but the demand seems to be even greater.

By Mr. Lesage:

Q. There is no export at this time.—A. There has been none exported this year since early February and January. In January and February there was a surplus exported. I think the meat board has shipped since the 1st of January 28,000,000 pounds of beef.

Q. So the domestic demand must have expanded tremendously.—A. No, in January killings were much heavier than they are now. They were up as high as 36,000 cattle a week. That surplus was exported.

By the Chairman:

Q. Can you offer any explanation to this committee why, in the fact of the facts you have related, particularly that you have on hand more than in April or May of last year, there should be an increase in price.—A. Just that the demand week after week is forcing the price up.

Q. But you have a greater amount on hand than you had at any time in May or April of last year, or any comparable period?—A. Beef that is in the freezer would not be comparable to a large portion of the fresh production, and as I said before many retailers will pay almost any price for fresh beef rather than handle frozen beef.

By Mr. Maybank:

Q. It comes to this, does it not, that the demand was as you stated, and you released out of storage a certain amount each week and added that to your kill, and you just added enough each week in that way so as not to cause the demand price to drop any.—A. No, I would say we released as much as we could sell.

Q. But you released as much as you could sell at the new higher price; would that not be so?—A. No, we released as much frozen beef as we could find customers who would buy frozen beef.

Q. What about fresh beef?—A. Fresh beef—you must bear in mind there is fresh beef or about 3,700,000 or 2,800,000. That is just the current stock. Our production at the present time would be about 3,500,000 to 3,800,000 pounds of beef a week. That is going into consumption as fast as we can get it to the consumer, so 2,870,000 pounds is less than a week's production, and that beef is changing every day. If we kill 700 cattle in the plant today we have to move 700 carcasses of beef in order to be able to kill tomorrow.

By Mr. Lesage:

Q. You mean you could not operate with less?—A. We could not operate with our present killings with a smaller stock of fresh beef.

By Mr. Maybank:

Q. That is really a moving stock.—A. Just as though it was on a chain.

Q. How does that compare with last year?—A. Last year we had 3,700,000 against this year 2,870,000—oh, I beg your pardon.

Q. Those figures are a month before.—A. Oh, I would say it is larger than last year because at this time last year our total kills were small because we were under ceilings and the live market was well above the equivalent of ceilings, and we just bought enough cattle to stay in the business.

Q. May I see if this is a correct picture? You are killing 1,000 cattle a week. In such a case there ought to be in storage about a week's kill, and that is roughly what is the fact, is it not?—A. I would say roughly a little less than a week's kill, probably $\frac{3}{4}$ of a week's kill, because the beef has to be killed today and it has got to be chilled and has got to be prepared for shipment. There is a space of two or three days from the time it is killed. Some customers buy beef and hold it for a week.

Q. Is it right to say that as to whatever we find of fresh beef you have remarked it is just as though it was on a moving carrier?—A. That is correct.

Q. That what we find there is the carcass of an animal which is killed last week?—A. Just in the process of being merchandized.

Q. If that is the case it is hardly storage as the expression is used in the popular way.—A. That is correct.

Q. And you would have us understand then this fresh beef is not to be thought of as stored up?—A. That is correct.

Q. Then you say that the amount is less a year ago because your weekly kill a year ago was less.—A. I am speaking of our own, yes.

Q. What were the respective figures for a week's kill this year and last year?—A. I can estimate that.

Q. I presume what you are going to answer will be an approximation.—A. Yes.

Q. But do you feel yourself you can approximate reasonably closely?—A. I would say at the present time we are killing in the neighbourhood of 7,500 to 8,000 cattle per week, and that is about 40 per cent more than a year ago, or about 3,000 more than a year ago.

Q. Would it be your statement that the fresh beef on hand in the manner you have already been describing to us would likewise be about 40 per cent more now?—A. I would think so. That is from memory and subject to some correction.

Q. I appreciate that.—A. It might be.

Q. You have been attending to the same section of the business for some little time, have your not?—A. Yes.

Q. This is your department and has been for quite some time?—A. Yes, I spend all my time on that.

By Mr. Irvine:

Q. Mr. Chairman, I would like to ask a question here. The witness said a moment ago that the demand for fresh meat is much greater than the demand for frozen meat—that is in the Canadian market?—A. Yes.

Q. And you have also stated it is somewhat more expensive to freeze meat than to sell it fresh?—A. Yes.

Q. In that case, why do you freeze it at all since the demand is so great for fresh meat?—A. The beef that is frozen and which we have for our own account was frozen last fall in late November or early December. There was very little space available in late November or early December when there was a surplus on the market and it was a case of freezing the surplus to ship it to the meat board for export or, on the other hand, it was a case of putting it in the freezer to have some beef in a period of shortage such as now—to have a supply for the type of customer who will take the frozen beef. It is customary when we have no price controls to do that—to have some of that beef for that type of customer and usually it is all finished by the end of May.

By Mr. Maybank:

Q. How long can you store beef and still have it fresh?—A. For the ordinary trade, I would say the maximum would be about two weeks.

Q. Whenever you submit figures to us on fresh beef we can say those carcasses have not been carcasses for longer than two weeks?—A. That is correct except that for some trade the ribs and loins are aged for a longer period—perhaps three or four weeks—to tenderize them. That is done for the hotel trade and so on.

Q. That is processing?—A. Yes.

Q. As against storage as it is ordinarily expressed?—A. Yes.

Q. Am I right in thinking your frozen beef is what you call the sharp freeze. You put it in a sharp freezer?—A. That is correct.

Q. Probably 30 or 40 degrees below zero?—A. It is put in around zero or a little below and carried something just above zero.

By Mr. Lesage:

Q. Mr. Hall, in answer to Mr. Maybank, a few minutes ago, you used these words "in a period of shortage as we have now". Would it be correct to say it is not an absolute shortage which we have but it is a shortage in relation to demand?—A. That would be correct.

Q. It is a shortage in relation to the increased demand?—A. That is correct.

Q. May I ask Mr. Child if there has been, in the last two months, an increase in the amount of sales of beef—volume of sales?—A. I could answer the question.

Q. If you can answer it, please do so?—A. I cannot give the information over a long period but I can recall definite figures on one week which was two or three weeks ago. Our sales this year were 93 per cent greater than they were last year.

Q. 93 per cent greater than last year?—A. Yes, and that includes fresh and frozen.

Q. And most of it was fresh?—A. Most of it, yes.

Q. I understand the demand on the domestic market is for fresh meat and the increased demand is tremendous?—A. Yes. Excuse me, I would like to supplement that statement with these remarks. I think more cattle are coming in to central points this year and we are shipping beef to customers who formerly had been our customers but a year ago they were perhaps having a farmer kill some cattle for them, or they were killing their own and it

means the demand for beef, as far as we are concerned, is more extreme than the over-all demand. There was a switch from decentralized killing to centralized killing.

Q. I understand that. Just the same there is in general an increased demand?—A. Yes, I would say so.

Q. Is the demand more for good quality beef or for low quality beef?—A. At the present time the demand applies to all beef and it clears all beef as quickly as it is ready. The strongest demand is for the most expensive cuts out of the best parts of the beef—particularly loins for steaks.

Q. Mr. Hall, can this situation and the relation between supply and demand be levelled soon?—A. I am no prophet.

Q. What is your opinion?—A. Anything I say is only opinion and it might be absolutely wrong.

Q. Yes?—A. I would think the situation would get worse from now until July.

Q. From now until July?—A. Yes, because I think we have been killing a lot of cattle in the last few weeks—the higher prices having brought them out—and they would ordinarily come in late in July.

By the Chairman:

Q. With a consequent rise in prices?—A. Yes, but they are used up now and it will probably mean a short supply in the next six weeks.

By Mr. Lesage:

Q. I remember what Mr. McLean said, and I suppose you will agree with him that all the increase in price is going to the producer of the cattle?—A. Yes.

Q. You are not taking any profit out of the increase in price?—A. I would say that we are making a profit on beef today although we did not a year ago. We were buying beef which was costing us a cent or 2 cents more than the ceilings and we were taking a definite loss in order to stay in business.

Q. This year you are making a profit on beef at this time?—A. Yes. There is another feature of the situation if beef does get scarce this year there will be plenty of pork. The consumers can buy pork now but a year ago that was not the case because pork was under quota and it had to be exported.

Q. We have been told here that there was a switch from pork to beef after the 1st of January, according to the consumer's demand, on account of the fact the price of pork did go up after the British contract came into effect?—A. That is possible to some extent. I do not want to answer for pork but my understanding is the demand for pork is also exceptionally good.

The CHAIRMAN: Now?

The WITNESS: Yes.

By Mr. Lesage:

Q. It is also exceptionally high now?—A. Yes.

Q. Do we understand then that the Canadians are eating more meat than they did?—A. I do not think they are eating less.

Q. They are eating more?—A. Yes.

By Mr. Maybank:

Q. If the demand is greater in relation to supply and the supply is greater with reference to the task, the answer is that people are either eating more or throwing it away?—A. Yes, but there is one unknown quantity. You do not know how much meat was produced in uninspected plants.

Q. Everything that is said with reference to today's position has to be conditioned in the light of the situation last year when there were controls with consequent black marketing?—A. Black marketing, or a lot of uninspected killing. The retailer might have bought cattle and killed them.

Q. That is not black marketing?—A. No, it was not black marketing but meat was killed in the country and there was a good deal of uninspected meat.

By Mr. Lesage:

Q. Taking into consideration the amount of beef and pork killed, as Mr. Maybank has said, there is an increased demand?—A. That would be my opinion, although I could not prove it. The figures come out once a year.

Q. I think we can conclude that we are reaching a higher standard of living without controls than we were with controls?

Mr. IRVINE: I would like to make one point clear.

Mr. MAYBANK: I did want to put a follow-up question.

Mr. IRVINE: Mine is a follow-up question.

Mr. MAYBANK: Go ahead.

By Mr. Irvine:

Q. I want to get this point clear. I understand the demand is very great according to your statement and you have sold in the last months 93 per cent more than you did last year?—A. I recall one particular week in which we did.

Q. All right, one week. That would seem to indicate then that the demand was to a very large extent met. You would not suggest in that week the consumption of the Canadian people was 93 per cent greater than in any other week of the year?—A. I explained that a lot of beef we sold was replacing beef that a year ago did not come into our figures and probably did not come into the inspected killings.

Q. Would you say that during that week the demand was very largely met?—A. I can only speak for ourselves. If we had had more beef we could have sold it.

Q. There was a greater surplus in that week than in the corresponding week of the year before?—A. There was a greater stock on hand in our plants.

Q. Yes.

The CHAIRMAN: This is a mystery to me.

Mr. IRVINE: It is a mystery to everybody.

By Mr. Mayhew:

Q. I would like to know how long you think you could have continued to supply the demand had it remained at 193 per cent. You could do it for a week but— —A. It is entirely a day to day proposition and as many cattle as we kill we move.

Q. Were there enough cattle in the country to sustain that demand?—A. It just depends whether they are being marketed. There are 9,000,000 or 10,000,000 cattle in the country.

By Mr. Maybank:

Q. They would be used up pretty soon?—A. I would say the marketings this year are fairly normal—maybe a little shade on the heavy side—as compared with the last few years.

Q. You cannot increase the number of cattle available for market in a short time?—A. No, but a man may decide to sell cattle today that he did not intend to sell for another six weeks or six months.

Q. That may be so, but Mr. Mayhew is asking about the possibility of keeping up with the demand represented by that figure of 193 per cent?—A. The cattle marketings are seasonally heavier now but they will be lighter in June.

Q. You could not keep up the 93 per cent increase for very long without running out of cattle?—A. I would like to qualify the statement by saying that a year ago the beef we had was pretty pitiful as far as volume is concerned. We were practically out of business and the 93 per cent does not mean a great deal.

Mr. Mayhew: There was no profit last year, and you were not pushing the business?

The Witness: We just did enough to keep a few men in the plant.

The Chairman: What was that question?

Mr. Mayhew: I was saying that there was no profit last year so he was not pushing sales as compared with promoting sales?

The Witness: There was a heavy loss.

By Mr. Maybank:

Q. With reference to this storing of frozen meats, in the event of any carcass not being stored as frozen it would have to go into the stream which would result in it reaching the consumer?—A. Correct.

Q. So whenever any carcass is frozen it is held off the market and out of the domestic trade?—A. I think we have explained before that the beef put in the freezer went in at a time when the domestic trade got all it would take and there was a surplus which was being frozen for the meat board.

Q. I see.—A. We sold a lot to the meat board but we put some away for our own business later on.

Q. Again when you say the trade got all it would take you mean it received it at the then going price?—A. Yes, our policy was to put it into the domestic market rather than to export it.

By the Chairman:

Q. Is this not the situation with regard to beef? Let us leave pork alone, we have not touched that yet and your accumulation as of April 1 was abnormally high, the highest that it had been since 1926—but we will just look at beef alone right now. Is it not true to say that in relation to the demand your supply situation is as good as it has ever been?—A. No, I would not say that. It is hard to make an absolute comparison with years gone by—especially at this time of the year, from April through to June. I would say over the years I have been in the business there has been short supply in relation to demand at this season of the year.

Q. You say short supply, but that is not the evidence?—A. In relation to demand.

Q. You still have more on hand—keep in mind what there is in storage and what you have coming along continually in the way of fresh cattle. You still have a greater amount on hand by way of supply than you need for the demand?—A. If we were able to find customers to take all our frozen beef out they could have it in the next week, because we only have 2,500,000 pounds and it would not affect the situation.

Q. Frozen beef is as good as live beef is it not?—A. No.

Q. Nutritionally?—A. Oh, yes, nutritionally.

Q. Have you told the public that? What we are trying to do is to get prices down and if we do not get prices down this committee is not going to be the only embarrassed unit in the country?—A. I can tell you that all the frozen beef we have got will not affect the price one iota.

Q. But if not only you but the other companies recognized the situation and saw that it was a serious responsibility which they have, I think something

could be done?—A. Most of our frozen beef is of the lower grades, for a particular trade such as the camp trade, but when consumers go into a chain store or an ordinary retail store they want a steak from a red brand carcass and they are not going to take frozen beef. They will take pork or something else.

Q. What are you doing to get them to take pork?—A. We are selling what we can.

Q. As of May 1 what is your accumulation of pork stocks?—A. I prefer that Mr. Murray should answer.

Mr. Hugh M. Murray, General Provision Manager, Canada Packers Limited, recalled:

Mr. DYDE: Mr. Murray has already been sworn and he may answer the question.

The WITNESS: What is the question?

The CHAIRMAN: We are not leaving beef but we would like to get the whole supply situation clear. What is your accumulation of pork stocks as of May 1, 1948?

The WITNESS: Would you like me to explain the figures in the same manner as Mr. Hall explained the figures with respect to beef? If so, would you turn to page 30.

Mr. MAYBANK: Do you divide the product in the same way?

The WITNESS: Yes. If you will turn to page 30 in the brief I could give you the figures for two additional months. I am sorry I cannot give the figures for last year but I can give them for this year.

By the Chairman:

Q. All right.—A. Half-way down the page we list freezer pork. The first line is for the meat board.

Q. Yes?—A. I will give you the figures as of April 1 and then May 1. The April 1 figure is 10,412,000 and the figure for May 1 is 11,236,000. Next line, B-other, reads for April 1, 6,493,000; for May 1, 7,057,000. Coming down then to Section 5, other pork—

Mr. MAYBANK: Just a second now. The first of those figures is April 1, of this year?

The WITNESS: And the second is May 1, of this year. Coming down to Section 5, Meat Board; 1,686,000 for April 1, and 1,683,000 for May 1. Under other, which is the next line, 4,782,000 and 5,034,000; total pork, which is Section 6, 22,383,000 pounds and 25,010,000 pounds. If you like, Mr. Chairman, I will give perhaps a very brief explanation of these figures.

The CHAIRMAN: Yes.

The WITNESS: The first statement I would like to make is that there is no shortage of pork, that every order we can possibly get for pork is being secured and is being filled. The board are taking from us for export only the surplus pork which we are unable to sell in the domestic market at the present time. Stocks of Meat Board pork, both frozen and in cure—that is Section A, under Item 4, and Section 2, under Item 5—belong to the Meat Board and are being accumulated by the company at the direction of the Meat Board in order to provide even shipments to the U.K. market during the months of July, August and September when there will not likely be much, if any, of a surplus production in Canada.

The CHAIRMAN: What was that, July—and what?

The WITNESS: July, August, and perhaps September—the other stocks of freezer pork.

The CHAIRMAN: We will then be out of the dangerous period.

The WITNESS: In so far as beef is concerned.

The CHAIRMAN: So far as price is concerned.

The WITNESS: But it is a dangerous period in regard to pork.

The CHAIRMAN: Yes.

The WITNESS: The shortage of pork comes at a different season of the year than the shortage of beef.

The CHAIRMAN: Yes.

The WITNESS: Now, stocks of other freezer prok belonging to the company; and you will see that they remained almost constant—at the end of January, six million and two, and at the end of February, six million five, and in March six million four, and at the end of April seven million five. These stocks remained almost constant. They consist of two types of product: one, a lot of sundry products, trimmings and similar products, which just as Mr. Hall said a moment ago about beef are on the rail in the course of preparation or in the course of temporary storage for use in other departments of our business; the other section consists of domestic cuts—that is shoulders, loins and so on. Although I cannot speak for any other company, in our case the holdings of that particular type of pork are in there because they were not suitable either for sale or in the domestic market or for export to the board as Wiltshires. As I say, they are suitable for sale in the domestic market, but at that time the domestic market had a plentiful supply of these particular goods so we freeze them and try to even out the supply in July, August and September when we take these domestic goods out and use them domestically and in turn take butchers from our fresh kill which then are plentiful for export and ship them to export. Now, that is a rather long explanation. I hope it has not been too tedious. But the net result of it is that as far as the pork end of the business is concerned we have available to supply any customer who likes to order all the pork he wishes to buy. There are variations in price, but broadly speaking I would consider that the present price level in total is likely to continue right through to the end of the year. Now, there may be local points at which prices may change for a month or for two months on this market or that market which may be temporarily short and the price may rise in that particular market slightly; but broadly speaking I would consider that people can have all the pork they want to buy.

By Mr. Maybank:

Q. It also means that if we wanted more pork for our domestic market about the only place from which it could come would be from the Meat Board which is accumulating it for shipment to England. Is that correct?—A. I would not be able to answer that, sir. When it comes to our freezer stock, the answer would have to come from the authorities of the Meat Board.

Q. That is, it means that the Meat Board would be taking less; is that what you mean?—A. That is right; although I should I think add to that that the Meat Board are not requiring us to deliver any product at all. But it appears, and I am not speaking for the Meat Board, it appears to most of us likely that there will be at least sufficient pork to complete our contract with the United Kingdom, and perhaps there may be a surplus over and above that, so that the board are not anxious to get a single pound of pork from us at the present time. There is no pressure on the packers to deliver anything to the board.

Mr. MAYBANK: I see.

The CHAIRMAN: What steps are you taking, apart from what your company has told this committee; what steps are you taking? I take it that you are concerned about this rise in price just as we are.

Mr. IRVINE: Do you think they should be?

The CHAIRMAN: I am asking you that, Mr. Murray. Would you not prefer to see the level maintained at what it was previous to the last three weeks?

The WITNESS: I do not know that I have any comment on that. We are in such a position that we have to pay a certain price for hogs and we have to face conditions as they are; I do not think I have any opinion as to whether or not it is desirable.

The CHAIRMAN: My own opinion is that in your own interests as well as in the interests of everybody else is that it is a very unfortunate thing that this rise has taken place, but you can't tell—

Mr. HARKNESS: Mr. Chairman, I do not think that is a fair statement. It is certainly not an unfortunate thing as far as the producer is concerned. In fact, it is actually necessary to keep him living.

The CHAIRMAN: Let us see if that is the evidence, that is not the evidence before this committee.

Mr. HARKNESS: That is the evidence of the producers, yes.

The CHAIRMAN: I am concerned now, having in mind no particular group, but it is a matter for concern for the public generally; and if this rise continues I am not just sure that it is going to be helpful to the producer or anyone else in the world. What we need to do, and what we have to do, is to take a pretty long view of this picture. Now, how are we going to help give the public information, help in this matter, in view of the available stocks as shown by the figures here, particularly with regard to pork; also having in mind that there has been a switch in buying from pork to beef. I think we have to try to reverse that and switch them from beef to pork again.

The WITNESS: Our normal method of handling a situation of that kind is constantly to impress on each of our salesmen the desirability to direct the pork prices downward and urge on him that he should have each of his customers sell as much pork as he possibly can.

The CHAIRMAN: Yes.

The WITNESS: We have, you see, salesmen who cover practically every community in Canada, and that exerts, I think quite a large effect.

The CHAIRMAN: I know what I would ask Mr. McLean if he were here. I am sorry he is not here.

Mr. IRVINE: Is Mr. McLean not coming back?

Mr. MAYBANK: I think Mr. Thatcher really got everything settled and so it was thought it would not be necessary for him to come back last night.

Mr. IRVINE: I certainly have some questions I wanted to ask him.

The CHAIRMAN: I thought he was coming back here. He told me yesterday that he would be here. I thought he was coming back as he said.

Mr. MAYBANK: We have the company officials here.

The CHAIRMAN: Yes, but this witness says he could not give an opinion, so that would not help us.

By Mr. Mayhew:

Q. Have you any idea of what percentage of the kill there is over which the large packing houses have no control at all, is that just cattle killed on the farm and marketed in country markets?—A. No, I have not.

Q. Have you any idea of what the percentage would be?—A. I have no idea. I have never been able to get anything on that.

Q. Do you think it is a very substantial figure?—A. It would be a very considerable item, I think. All I can say is the same as Mr. Hall. We have certainly more merchandising through inspected outlets, much more so than was the case when we were under controls. During the period of controls as inspected houses we were restricted to the number of hogs that we could put on the market, and that was a much smaller number than we could sell. That created a sort of vacuum in the middle of the market and that vacuum was filled to a very large extent by the small people.

Q. But that small proportion over which there is no control would have a very definite influence on the price of live pork, wouldn't it?—A. I don't believe I understand your question.

Q. Well, they are competing with you in the fresh meat market, in selling? —A. That is right.

Q. And what is killed in that way comes into the open market in competition with the inspected slaughterings and you have no control over that, but they have a certain influence on the market?—A. I would not say it would be very great, but what they sell in the market would be a factor.

Q. But you could not give us any estimate as to that?—A. No.

Q. But it would supply a certain amount of the demand and a certain number of steers or hogs would not come on to the market through regular channels?—A. It is marketed.

The CHAIRMAN: Mr. Harkness, I do not think, speaking for myself, that I would be doing my full duty if we did not take into account this complete picture. Now, no one wants to see the producer get less than he is entitled to; but we are not going to resolve this problem by not facing up to it; and the fact is, the evidence is, that the price to the producer today is as good as it was any time of which I know. Now is that true?

Mr. HARKNESS: I would not say that it is true. Your statement said for the committee to discourage, to oppose this increase which has taken place in the price of pork. As far as the producer is concerned, that is the exact reverse of the truth. If the increase of 6 cents a pound or 7 cents a pound in the British bacon contract had not taken place—for instance, I can give you my own experience on 1,000 hogs this year. I would not be raising a single one. If I had attempted to do so I would have lost everything I was putting into it; and every other hog man is in exactly the same position. In other words, that increase was absolutely essential to keep the people in the hog business. Therefore, the statement that everybody is against the increase having taken place—as I say, so far as the producer is concerned, it is exactly the reverse of the truth. It seems to me from the evidence we have had from the Meat Board officials and others that they agreed that when this new contract was entered into this increase was necessary to ensure production of hogs.

The CHAIRMAN: You mean this present rise?

Mr. HARKNESS: There has been no substantial rise.

The CHAIRMAN: There is a substantial rise, and these people have told us that it is likely to continue on beef into July.

Mr. HARKNESS: We are talking about pork, and you are talking about production at the time.

The CHAIRMAN: Yes. I see that we are at cross purposes.

Mr. LESAGE: I am reading the cattle prices on the market yesterday, and here I see it is 29 cents for grade A hogs; apparently there has been little change lately.

Mr. HARKNESS: That is the same as for January, no change in pork.

The CHAIRMAN: I still say that we are not going to reconcile this problem by not facing up to the issue.

Mr. HARKNESS: I think we are facing up to it. When we look at it from the point of view of adequate supply I think that is why our government increased the price in the British contract, because they realized that in order to get a supply of pork they had to get that increase in price.

The CHAIRMAN: The supply situation I do not think is bad. I think the evidence before us is that it is good. What troubles me continually in this thing is this: why, if that is the case, there should be this continual gradual increasing rise. I have not had any explantion of it yet.

Mr. HARKNESS: But if the supply is going to continue—if you are talking about the supply of pork—the number of hogs marketed in Canada last year was I think a little less than half what it had been three years previously; so that does not indicate that the supply situation is particularly good, does it?

The CHAIRMAN: We just have the evidence from Mr. Hall—

Mr. HARKNESS: I am talking about the total number of hogs produced. Have you got the exact figures, Mr. Murray? I think you referred to that.

The WITNESS: It was around four million eight, then dropped to six.

Mr. HARKNESS: Three years ago it was about eight million.

The CHAIRMAN: It is higher than last year and higher than the year before.

Mr. HARKNESS: No, lower than the year before.

The CHAIRMAN: The figures I have don't indicate that.

Mr. HARKNESS: In 1944, the total hogs marketed were 8,666,430; in 1945, 5,800,000 some odd—that was right; in 1946, 4,400,000 some odd; in 1947, 4,700,000 odd. In other words, we are down to about half now compared to what we were in 1944. So, as I say, that does not indicate a good supply situation.

The CHAIRMAN: What are your figures for April 1?

Mr. HARKNESS: I havent' got that. This is just the yearly total.

The CHAIRMAN: On April 1 of this year the pork supply situation was the highest it has ever been.

Mr. HARKNESS: You mean the amount of pork in cold storage—yes.

The CHAIRMAN: Yes. I am talking about storage.

Mr. HARKNESS: That is a different matter than the supply situation for the year, a totally different matter.

The CHAIRMAN: Well, I am simply stating a fact. It cannot be successfully controverted. It was the largest amount of cold storage pork on hand in our history.

Mr. HARKNESS: Yes. There is no argument about that.

The CHAIRMAN: But we cannot ignore that fact. That is an eloquent fact.

Mr. HARKNESS: Yes, but you see we must get all the facts and look at the situation from the standpoint of all parties interested.

The CHAIRMAN: Yes.

Mr. HARKNESS: And from the particular point of view of the actual production of hogs in the country, it is just about half what it was three years ago; so that does not indicate a promising supply situation, does it?

The CHAIRMAN: It certainly does. It indicates the most abnormally high supply we have ever had. It is there in storage and should be made available for everybody, and that would help out the price situation. That is a very material factor.

Mr. MAYHEW: If that is the case people have the cure in their own hands, they can stop buying choice beef, they can buy second cuts of beef and they can take frozen beef and they can take pork, and the price of beef will eventually

come down. They have the situation in their own hands—a buyers' strike against these high prices—it would be all to the good, it would be a good thing.

The CHAIRMAN: I wish you would pursue that.

Mr. LESAGE: As far as the price of cattle is concerned, they are coming down this week. I am quoting from the *Globe and Mail* of this morning—Canadian Press—it says, "About 350 head were brought forward from yesterday's market on Winnipeg livestock market today. Trade opened on the draggy side. Bids for most killing classes were ruling 25 to 50 cents lower on top of the decline registered earlier this week." I suppose the consumer will benefit by this decrease in the price of cattle?

Mr. HALL: Right on that, for the last three or four weeks roads in the west have been impassable. There has been a backlog of cattle which could not get into market, the roads in Manitoba and Saskatchewan being such that they could not get them out. Now that conditions have improved there has been an increase in slaughterings. I think I mentioned that before. As a result, the Winnipeg market reacted sharply on cattle and there has been a sharp decline in beef. That beef has been produced this week and is rolling and will be into consumption next week. At least, that is my information, and it is my opinion that that will likely cause a levelling off of prices and lower prices in a week, and possibly it will continue until the market absorbs the backlog of cattle. But in the over-all picture the best information we could get is that the total supply of cattle is not great. So long as this little flush is on it will have a tendency to level off the market. How long it will last nobody can say. It may be two or three or four weeks, and, then we will be back into a period where beef generally will be in the short supply position. This will have the effect of probably bringing down prices a little temporarily.

Mr. IRVINE: But there are indications that the stocks on hand after the next few weeks will be greater than now?

Mr. HALL: No, they will be less, I would think. The fresh beef is being left out of stocks, because that is practically on its way to the consumer each week, and the frozen stock becomes less.

The CHAIRMAN: Now, Mr. Hall, I would like to ask you this question; and I want to say that this question is not a suggestion that there will be controls or that there will not, and I don't want anyone to interpret this as saying that I am hinting there is going to be or there is not going to be controls, I am putting a question to you. What would you say about ceilings as a correction to the situation?

Mr. HALL: Between now and July when there will be a relatively short supply in relation to demand. I would think any repetition of the situation we had a year ago when ceilings were set; lots of products were sold well above the ceiling, because buyers have money and they want to buy beef and they will buy it. We have had these periods year after year under controls.

The CHAIRMAN: So you do not think controls would correct it at all?

Mr. HALL: I am afraid not.

The CHAIRMAN: What is the remedy? Is there any suggestion?

Mr. HALL: I think the public have to make up their minds as to whether they want to buy high-priced beef rather than lower-priced pork or poultry or other beef substitution—I think the correction is in their own hands.

The CHAIRMAN: Is anything being done by your company to encourage the purchase of these other things? We have been told about pork by Mr. Murray. What about the other things, chicken and so on?

Mr. HALL: To the extent that we have any product we always try to sell the greatest quantity possible.

Mr. IRVINE: Let us look at it this way. Suppose pork is down at the moment, and so is poultry. I presume that is the price which meets the demand

as the other prices do. Now, you suggest that people stop buying meats of the more expensive type and turn to pork and to poultry. If they did that would you not immediately raise the price of those commodities to meet the increased demand?

Mr. HALL: Could be.

Mr. IRVINE: Well then, what is the difference whether they pay too much for hogs and beef or these other things?

Mr. HALL: If they think the other products are better value they will buy these other products and less beef.

Mr. IRVINE: Do you think they buy the best value?

Mr. HALL: That could be, yes; or it may be that they like it. If they have the money to pay for it I suppose they will buy what they like.

Mr. IRVINE: Your suggestion is that we should take some of the money away from them probably?

Mr. HALL: I did not suggest that.

Mr. IRVINE: That would bring prices down.

Mr. HALL: Remember, this strong beef and cattle situation at this time of the year is normal, the figures for the last nine or ten years show that. They are marketing cattle which have been fed grain for six months, and that is the most expensive type of beef that is turned on to the market from the producers' standpoint. Later on you get cattle which are fed on grass and they are the ones which are produced most economically.

Mr. IRVINE: I do not think there is anything new in the situation as far as I can see it. It is just the same old thing.

The CHAIRMAN: Are there any further questions?

Mr. Sam Steinberg, Steinberg's Wholesale Groceterias Limited, Montreal, Que., recalled:

Mr. IRVINE: Mr. Chairman, before you proceed with the next witness I would like to ask if it would be possible to secure figures which would show the entire capital and plant equipment used in all packing houses in Canada. I would like to get that figure because I am sure it has a bearing on prices and even on the increase in prices. I believe there is a great deal more capital invested in the business than the business can properly warrant and in many cases they have been taking losses on meat in the plant. Now there comes an opportunity for them to take adavntage and make up their losses and I think we should be sure that the thing is not over-balanced. I asked a question of one of the packers and I intended to ask Mr. McLean how many cattle the company could process in a year provided they were asked to do so because I think the figures would reveal there is a great deal of idleness half the time. That is not an economical state of affairs and I would like to know exactly what the figures are.

Mr. DYDE: I shall make inquiries and see whether I can obtain the figures.

By Mr. Dyde:

Q. You have already been sworn, Mr. Steinberg, and when you were last before the committee there were some matters which you were asked to consider and you were asked to come back today and give us the explanation. The matter to which I call your attention principally is with respect to the increased cost of operation which you mentioned when you were discussing the increase in prices. You suggested that you could bring to the committee information showing the increased cost of operation. Can you do that?—A. I can. Mr. Dyde, you were asking for the difference in the cost of operation between two given

periods and you dealt with the period November 1 to 29, 1947, and the period January 3 to 31, 1948. You indicated at the time that we had sold—

Q. No, Mr. Steinberg, you and I are not quite on common ground. I did not ask you for your increased cost of operation, I asked why the price had increased and one of the explanations you gave was that there was an increase in the cost of operation. My suggestion was that you give us the figure for your cost of operation over a period since last November?—A. I have those figures with me but I particularly brought figures and had them stencilled for the period November 1 to 29, 1947 and from January 3 to 31, 1948.

Mr. LESAGE: Mr. Dyde, I think that is quite correct. If you will remember we were making a comparison between November and January.

Mr. DYDE: That is correct.

Mr. LESAGE: I asked Mr. Steinberg what the increased cost of operation was in January over November.

Mr. DYDE: In any event you have a document which will assist us in finding out the increased cost of operation for that period. This document will be taken as read into the record at this point.

(Mr. Mayhew took the chair).

STEINBERG'S WHOLESALE GROCETERIAS LTD.

MEAT—SALES, GROSS PROFIT, EXPENSES

Date	Sales in dollars	Gross profit in dollars	Gross profit percentage	Expenses in dollars	Expense items
1947					
Week ending— November 1	78,837.67	16,370.23	20·76	....	Managers salaries. Managers vac. salaries.
8	72,386.48	13,029.04	18·00	....	Staff salaries. Staff vac. salaries.
15	74,902.51	13,749.33	18·36	....	Laundry. Paper and wrapping.
22	72,866.71	14,239.92	19·54	....	Stationery. Maintenance supplies.
29	69,866.37	14,220.81	20·35	....	
Period I	368,859.37	71,609.33	19·41%	26,752.98	
1948					
Week ending— January 3	96,618.38	13,012.04	13·47	....	
10	85,829.37	18,264.24	21·28	....	
17	88,622.32	19,282.29	21·76	....	
24	85,825.31	17,013.67	19·82	....	
31	88,457.37	17,481.03	19·76	....	
Period II	445,352.75	85,053.27	19·10%	30,888.29	
Percentage of increase of period II over period I	20·74%	18·77%	....	15·46%	

Would you explain the statement, Mr. Steinberg?

The WITNESS: This increase in expenses is only on what we call controllable items, attributed solely to the meat department and it does not include increases in the general expenses. It shows an increase of 15·46 per cent. You have a list

of the expense items in the upper right hand corner, including salaries, laundry, stationery and so on, used only in the meat department. Other than the request made by Mr. Lesage, the reason for this sheet is because of the fact you pointed out that after decontrol we had increased our profit on a pound of beef from 7·3 cents in the November 1 to 29 period, to 9·1 cents between January 3 and 31, 1948. The statement was made on the basis of the fact that during ceiling prices—or under control—the margin that was allowed the retailer was 7 cents a pound and the retailers were supposed to be content and satisfied with that mark-up. I believe if you refer to the board orders that was not quite correct.

Mr. Lesage: Did you say that, Mr. Dyde?

Mr. Dyde: I am speaking now from memory, but I think I called attention to Mr. Grisdale's evidence when he discussed the question of setting the retail margins during price control.

Mr. Lesage: Oh, I remember.

By Mr. Dyde:

Q. Yes, but my question was directed, Mr. Steinberg, not so much to the fact you had a 7·3 cents per pound margin in November, as it was directed to the fact that you should give an explanation of the increase from 7·3 cents to 9·1 cents in the latter period. In other words, let us assume that the 7·3 cents is less than the margin permitted by the board—because if we start into exact figures on margins we will never get anywhere—the fact remains in November 1947 you had a margin of 7·3 cents per pound over-all and that was increased to 9·1 cents over-all in the latter period—in January. The explanation you gave us when you were here before was that among other things you had increased costs?—A. You must remember here that we are concerned with the goodwill of our customers and the impression created in Montreal by the newspapers in Montreal—as to the effect that immediately after decontrol we did advance our margin of profit from 7·3 cents to 9·1 cents. I wish to state that is incorrect. In the three weeks preceding decontrol we received a margin of 9 cents per pound. Now, as to the differential between a margin of profit on a per pound basis between the period November 1 and the period January 3 to 31, the figures I submit to you include sales but they also include a carry-over from one period into the other. You will note in the period January 3, 1948 the figure submitted as sales is 151,011 pounds. You will note also that the sales for that week were $96,518.38. If you will divide the pound sales into the dollar sales you will find the price is an exceptionally high price per pound. The reason for that is that January 3 was the week of New Year and we buy turkeys in carload lots in advance of the sale in order to have them on hand for the week of January 3. Therefore those figures do not show the carry-over from one period into the other. In short, the stock on hand that was carried over from the December period into the January 3 period is not indicated by that figure which shows a higher price per pound.

Q. But you always have a carry-over from one period to another?—A. That is why I am pointing out that if you divide one figure into the other it is an exceptionally high price per pound.

By Mr. Beaudry:

Q. Can we hew a little closer to the line which we set for ourselves when we recalled Mr. Steinberg. We would like to examine him on the statement of the increased costs which warranted the increase in price?—A. But there was no increase in price. I want to make that very clear.

Q. I am referring to the increase which you suggested was the reason for your increased costs?—A. That is not necessary, although I brought the figures here to show there was no increase after decontrol, and in fact our price came down. I would like to see the newspapers report that in Montreal and give it the same prominence that was given to the increase which was not at the time a fact.

Q. We will leave out the reason for it?—A. That is very important to our business.

Q. I would like to ask you if you can give the items of increased expense between November and January. I know that the volume of sales for January seems to be slightly lower than it was in November. I have not got the figure worked out to fractions but there seems to be a difference of some 20,000 pounds. Now your total figure of expenditure for November is $26,752.98 and are we to understand that expense is directly attributable to the meat operation?—A. That is correct.

Q. Managers' salaries, managers' vacations, staff salaries and vacations, are all strictly for the meat department?—A. I do not know about the vacations, it is abbreviated and I do not know the reason.

Q. You have separate managers in your stores for the meat department?—A. That is right. This set of figures deals only with the meat department.

Q. Only with the meat department?—A. That is right.

Q. Have you figures available to break down the expense items?—A. No, I have not got them with me.

Q. The items I assume are salaries, staff and managers, laundry, wrapping paper, stationery, maintenance supplies, and would you be good enough to indicate how large a share of that $26,000 would be represented by salaries?—A. I have not those figures. I would have to get a breakdown.

Q. Would you estimate the figure?—A. I would only be guessing and I have not got it exactly.

Q. You could give a very close guess? You show laundry here and I assume the laundry bills would not vary each month unless there was an increase in laundry.—A. And there has definitely been an increase.

Q. Perhaps, but it would be a given item each month?—A. In any case I have not the exact figure.

By Mr. Dyde:

Q. Excuse me, Mr. Steinberg, you say you have not got the exact figures but this was a very narrow point on which you were asked to give information, and you should have brought the figures.—A. I have brought the figures on the 15·4 per cent increase.

Q. Yes, but you have brought nothing which explains these figures and that is the very thing which you were asked to bring.—A. There is no need—

The ACTING CHAIRMAN: The information is not shown on this sheet?

The WITNESS: No.

The ACTING CHAIRMAN: I would think the information you have brought here is not an answer.

By Mr. Beaudry:

Q. This is extremely important. You have an item of stationery—one of the eight items but what does stationery represent in the expense figure?—A. Had I known you wanted that breakdown I would have had it here.

Q. It is something that is most important.—A. In fact it is not important at all, at this time because—

Q. That is for us to decide.—A. All right, but it was given to bear out the fact we did advance the price after control.

By Mr. Lesage:

Q. That is what this committee wants to know — why prices have advanced.—A. We have not advanced our prices we have lowered them.

Q. That is not what your exhibit shows.—A. Yes. The margin allowed—

Q. I am not interested— A. —was 26¼ per cent.

Q. We are not interested in margins.—A. That was the point that was important—that we advanced the price after decontrol—and that is not the case.

Q. Prices have definitely advanced?—A. The prices may have advanced but our margin has not advanced.

Q. What is the margin in cents per pound needed to cover your operation expenses when you sell your meat?—A. We work it out in percentages.

Q. What is it in cents per pound?—A. We do not work it out that way.

Q. What is it in percentage and I will work it out—that is one of the things I can do, if you cannot?—A. Thank you very much. Under control we were allowed 26¼ per cent—

Q. I am not interested in what you were allowed under control. I want to know what the figure is in percentage—the necessary gross margin to cover your operation? I am speaking of the cost alone without profit.—A. That varies.

Q. What is it, averaged for the month of January, 1948?—A. What does it cost to operate our business?

Q. What does it cost per pound of meat?—A. I have not got that.

Q. We were told by Safeway that 4 cents would cover it and their volume is about the same as our yours.—A. From what I read of the Safeway statement it appears to me they were losing money on their sales.

Q. Oh, no, they were making a profit, a very good profit.—A. I do not think it is fair for me to comment on anything which Safeway does. I do not know how they break down their figures and I do not know anything about their operations, the circumstances in their area, or anything else.

Q. When we made our study of bread I think you said your method of operation allowed you to operate with lower costs than anybody else? You said that, Mr. Steinberg? Do you remember? Were you boasting then?—A. I still say we try to operate at lowest possible cost and people get better value in our stores maybe than in most. I will retract the maybe.

Q. You do not serve at all—yours is a self-service?—A. That is right.

Q. And Safeway do serve?—A. I believe they operate a self-service.

Q. But your meat department is on a self-service basis?—A. Yes.

Q. And it costs Safeway 4 cents per pound to sell their meat and operate?—A. We could not operate and sell a pound of meat for 4 cents.

Q. No, not on a given pound of meat, but that is their cost without profit and that is the figure we were given as an estimation.—A. I am telling you now that we could not do it for 4 cents.

Q. What could you do it for?—A. As I said to you earlier we operate on a percentage basis.

Q. I will repeat my other question and ask the percentage which you require to cover the cost of your operation?—A. That varies with the sale of the type of cuts, the volume, and everything else. I will give you the information. I am not trying to withhold any information, Mr. Lesage, but I would say it cost us, basing it on the percentage, anywhere from 6 to 6½ cents to sell a pound of meat.

The ACTING CHAIRMAN: I would like to ask whether counsel considers the information before the committee is the information for which we asked?

Mr. DYDE: No, it is not sufficient for us.

The ACTING CHAIRMAN: We are going to go over this position this morning and we will have to go over it again. I think it is not necessary for us to waste our time and I think we should get the information we asked for.

Mr. LESAGE: Yes, Mr. Mayhew, but I was asking for something else. I was not satisfied with this and since we have had the Safeway testimony I think it is most important to know how much it costs to operate a meat department in a chain store?

The ACTING CHAIRMAN: You are asking for additional information?

Mr. LESAGE: Exactly.

The ACTING CHAIRMAN: Are you through? Do you think the witness now understands what is required?

Mr. LESAGE: This is not satisfactory.

The ACTING CHAIRMAN: Does the witness sufficiently understand what is required in order to bring it back?

Mr. LESAGE: If he is not going to come back I will not ask more questions. It is useless.

Mr. DYDE: I feel, Mr. Chairman, that the information which Mr. Steinberg has brought to us this morning is not the information that was requested and I think the information should be more complete. Under these circumstances I have no recourse but to suggest Mr. Steinberg be asked to return.

The ACTING CHAIRMAN: I think you are right and I think the committee would agree with you. Do you want some additional information, Mr. Lesage?

Mr. LESAGE: We will settle the first question, if you do not mind Mr. Chairman? Mr. Dyde, would you tell Mr. Steinberg what you want exactly, to supplement the information contained in the exhibit which has been distributed this morning?

Mr. DYDE: Yes. Mr. Steinberg, we will want you to give us a breakdown of the $26,752.98 into its component parts showing the amounts expended on each item in November. We will want you to do the same for the January period showing where the increases have taken place. In other words we want particulars of both figures, the $26,752.98 and the $30,888.29?

The WITNESS: I will be glad to supply that information.

Mr. BEAUDRY: We will want it in actual figures and not in percentages.

The WITNESS: I would be glad to supply it.

The ACTING CHAIRMAN: Is there any other information required?

Mr. LESAGE: Yes.

The ACTING CHAIRMAN: You have about seven minutes in which to obtain it.

By Mr. Lesage:

Q. For the months of November 1947 and January 1948 I want the amount of direct expenses attributable to the meat department? What is the part for each one of your general expenses that you have applied to the meat department in order to arrive at the cost of the operation of the department?—A. I can give you a very close estimate now.

Q. But it will be an estimate?—A. I can give you a very close estimate right now.

The ACTING CHAIRMAN: It should be all put in together.

By Mr. Lesage:

Q. Instead of having to make the computation myself would you be good enough to give the percentage of what it is and then give it in cents per pound?—A. I have already told you that I thought it was, in cents per pound—

Q. Yes, but you have no exact calculation on paper and I want it to be put on paper. I want the whole process of direct expenses, that part of the general expenses which you attribute to your meat department. I wish to check that information and I want to have your total volume of sales for those two months. You know what I mean when I say I want the whole calculation?—A. Yes.

Q. I want to have an idea of what it costs to sell meat in a retail store and especially in chain stores. That is my request.—A. I would be glad to give you the information.

Mr. BEAUDRY: I do not want to interrupt Mr. Lesage's questions but would it not be better to have Mr. Steinberg list from memory the items which might be said to go into the indirect expenses?

The WITNESS: There is the store expense—

Mr. LESAGE: Yes.

By Mr. Beaudry:

Q. And a proportion of the rent?—A. Yes, that is right.

Q. And the light?—A. Taxes, light, staff in the stores, cashiers, and everything else, depreciation on equipment, administration, supervision.

Q. In other words when you listed staff salaries here you have only listed the salaries of— —A. The salaries of the meat department.

Q. And the others would have to be added?—A. Yes, that share of the general expenses.

Mr. LESAGE: I suggest, Mr. Chairman, that Mr. Dyde should receive this additional information from Mr. Steinberg as soon as possible so that he may check it and ascertain whether it is sufficient.

The WITNESS: Mr. Lesage, I can get you those figures this afternoon, if you are sitting this afternoon.

Mr. LESAGE: We are not sitting this afternoon; but if Mr. Dyde could have them by Monday he could take a look at them and if they are not sufficient we could give you a call.

The ACTING CHAIRMAN: I think it would be desirable if Mr. Steinberg could get that information.

The WITNESS: I could give you a very close approximation.

The ACTING CHAIRMAN: Wait a minute. I think it would be desirable for Mr. Steinberg to have these figures and come back here and meet the committee on Monday and clean up this fag end of this. And one other matter; it will be I think to his advantage if on Monday morning before we come here he would submit them to counsel so that Mr. Dyde would have an opportunity of looking them over and see whether or not they are the figures we want.

Mr. BEAUDRY: With due deference, Mr. Chairman, I think Mr. Lesage's suggestion is sound, that we should have these figures, and that before Mr. Steinberg returns they should be submitted to Mr. Dyde so that he can check them over. In order that that may be done I do not think he should be recalled before Tuesday or Wednesday, in case some of the figures submitted would not be sufficient for our purpose.

Mr. MAYBANK: Doesn't it come to this? Mr. Steinberg says, I can give you these figures almost immediately; therefore, he would be able to come over and consult with Mr. Dyde before our next meeting.

The ACTING CHAIRMAN: He had this afternoon and tomorrow in which to prepare the figures and submit them to counsel. If they are not suitable or if they are not sufficient he will not be here then. If they are sufficient he will be here. That is the understanding.

Mr. BEAUDRY: We are merely trying to avoid a repetition of what happened here this morning.

The ACTING CHAIRMAN: Quite true. Is that agreeable to the committee?

Some Hon. MEMBERS: Agreed.

The committee adjourned to meet again May 10, 1948, at 11 a.m.

Gov. Doc

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 55

MONDAY, MAY 10, 1948

WITNESSES:

Mr. Sam Steinberg, Steinberg's Wholesale Groceterias Limited, Montreal, Que.

Mr. H. MacEwan, Vice-President, Wilsil Limited, Montreal, Que.

Mr. G. M. Smith, of P. S. Ross & Sons, Auditors for Wilsil Limited, Montreal, Que.

Mr. M. M. Robinson, Secretary-Treasurer, Ontario Fruit & Vegetable Growers' Association, Burlington, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

(*e*) Order No. A-2489, dated March 9, 1948.
(*f*) Order No. A-2470, dated January 28, 1948.
(*g*) Order No. A-2489, dated March 9, 1948.
(*h*) Notice by Emergency Import Control Division, Department of Finance, to holders of quota permits, dated April 20, 1948, re potatoes.

(The above Orders appear as Appendix "B" to this day's Proceedings).

Mr. M. M. Robinson, Secretary-Treasurer, Ontario Fruit & Vegetable Growers' Association, Burlington, Ontario, was called and sworn. He read a brief and was examined.

At 6.00 p.m., witness retired and the Committee adjourned until Tuesday, May 11, at 11.00 a.m.

R. ARSENEAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
May 10, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will please come to order. We welcome Mr. McGregor here this morning. We know his contributions will be very helpful.

Sam Steinberg, Steinberg's Wholesale Groceterias, Montreal, Quebec, recalled:

By Mr. Dyde:

Q. Mr. Steinberg, when you were last before the committee on Friday, you were asked to bring to the committee an explanation of the operation costs of your stores, November compared with January. You will recall that we had evidence that in November, according to figures produced by yourself, there had been a figure of 7·3 cents per pound on your sales, and then in January that had gone to 9·1 cents per pound. You were asked to get what your operation costs were and to compare those two months. Are you able to do that this morning?—A. Yes, sir.

Q. You have produced figures with reference to the operation costs of Steinbergs' Groceterias, November, 1947 and January, 1948?—A. Yes, sir.

(At this point Mr. Mayhew took the chair.)

STEINBERG'S WHOLESALE GROCETERIAS LTD.

	Nov. 1-29		Jan. 3-31	
Manager's salaries	$ 3,303.83		$ 4,448.53	
Staff salaries	14,293.36		18,495.20	
Total		$ 17,597.19		$ 22,943.73
Supplies				
Laundry	648.83		682.72	
Paper and wrapping	6,271.68		5,881.92	
Stationery	11.45		6.48	
Maint. supplies	2,049.16		1,065.37	
Total		8,981.12		7,636.49
Repairs	....	....	30.65	30.65
Miscellaneous	174.67	174.67	277.42	277.42
Total expenses		$ 26,752.98		$ 30,888.29

4P—75 per cent of $21,519.35	$16,139.52	6P—50 per cent of $26,077.08	$13,038.54
5P—50 per cent of $21,226.94	10,613.46	7P—75 per cent of $23,799.66	17,849.75
Total	$26,752.98	Total	$30,088.29

Managers' bonuses	$ 950
Staff bonuses	900
	$1850

(Included in January 3-31 period)

By Mr. Dyde:

Q. Mr. Chairman, on Friday Mr. Steinberg produced a mimeographed sheet which was read into the evidence showing his sales of meat, his gross profit and his expenses in November as compared to January. The expense items were totalled but were not broken down and the expense items shown in January on that sheet which was produced on Friday—in November, rather—were $26,752.98 and in January, $30,888.29 The document Mr. Steinberg has just produced is his explanation of the increased cost of operation, January over November.

Now, Mr. Steinberg, we need some explanation of this yet. I notice, for instance, that in the November period, your salaries, including management salaries and staff salaries totalled $17,597.19 and in the January period it increased to $22,943.73. Towards the bottom of the page, I see a little table showing "4P—75 per cent of 21,519.35; 5P" and then on the right hand side of the page, "6P and 7P". Would you please explain what that means?—A. The 4P—

The Acting Chairman: We have a new member with us this morning and I was wondering whether there were any of these schedules Mr. McGregor might want?

Mr. McGregor: No, just carry on.

The Witness: The 4P and the 5P refer to the periods from our control books. In other words, the period is a four-week period. We tried to relate this to the period I have given Mr. Dyde with reference to sales. In order to relate that, we have to take our period of the four-week period, which would be our fourth period which would be the week ending November 15—

By Mr. Dyde:

Q. And your fifth period would end when?—A. December 13.

Q. So, in order to get what we wanted, namely, the month of November, you had to break into your figures for your fourth period and your fifth period?—A. That is right; by deducting 50 per cent in the December period and by deducting that portion, we get the five-week period in November.

Q. Now, when you say 75 per cent of $21,519.35, what is $21,519.35?—A. $21,519.35 are the total expenses, what we call the controllable expenses.

Q. Well, what is that?—A. I should like to give you a breakdown.

Q. No, what do you include in controllable expenses?—A. The manager's salaries of the meat department only, staff salaries, the supplies used and the repairs and miscellaneous.

Q. So that, in order to give us the figures for a calendar month you have to take your fourth and fifth periods of operations in the way you have indicated here? A. That is correct.

Q. You have done the same for the January period, have you not?—A. That is right.

Q. Now then, at the bottom of the page also, I see, "Managers' bonuses and staff bonuses" totalling $1,850, which is included in the January 3 to the 31st period?—A. That is correct.

Q. $1,850 does not account for the differences in the amount you paid in salaries in November and the amount you paid in salaries in January. Are these manager's bonuses given in that amount of $950 to the manager of each meat department?—A. No, that is the total for all managers of the meat department.

Q. What is the reason for the very great increase from $17,000 to $22,000 between November and January in your salaries? How is that accounted for?—A. It is based on the number of people we employ on the basis of the volume we do at that particular period. It might be, I do not know if there is any difference in the salaries paid individual employees, but the salaries that were paid out for that period would be in direct relation to the amount of business we were doing at that time.

Q. You have a very considerable increase in salaries which certainly is not all taken up by bonuses. Did you employ more people in January than you did in November in the meat business?—A. Well, we may have because the number of people employed is in direct relationship to the amount of business we do. A store manager contacts our personnel department when he thinks, due to more business, he may require more help.

Q. You say, "We may have," do you not know?—A. If I had obtained the lists, I would have to get the list for each store.

Q. Those are the totals which were paid in salaries in the meat department?—A. That is correct; in establishing our gross profit, the only way we can establish our gross profit is to relate the expenses to the cost of business and therefore we get our gross profit, using the exact same figures we used at that particular period to arrive at that gross profit.

Q. I am going to a slightly different point, Mr. Steinberg, because when you were first before the committee, I think on Tuesday a week ago, you filed with the committee your sales in the meat department under the headings; "Sales in dollars; sales in pounds; and "gross profit in dollars" as well as "Gross profit percentagewise." We translated that into cents per pound and we found your cents per pound gross profit in the November period was 7·3 and we found your gross profit in the January period was 9·1.

Before you answer my question, I want to also call your attention to exhibit 94 and to call your attention to something which is quite startling, Mr. Steinberg, because on the second sheet of exhibit 94, where we have retail prices of beef in the various cities of Canada I find that in January, in the period of January 26, 1948, sirloin steak was selling at 61 cents a pound in Montreal which is higher than any other city in Canada with the single exception of Halifax. Then, if you turn to the sixth sheet of the same exhibit, 94, I want to point out another thing. In Montreal, in January, there is a spread between the wholesale and the retail price of pork loins of 18 cents. The wholesale price was 39 cents on January 12 and the retail price 57 cents, January 26, the wholesale price was 37 and the retail price was 55.

I should also like to call your attention to fancy side bacon in Montreal. I call your attention to the March period. On March 2 the wholesale price of fancy side bacon was 50 cents a pound and it was retailing for 71 cents a pound, a 21 cents per pound spread. The same thing occurred in the week of March 9.

Also, before you answer question, I should like to call your attention to the fact that when we got these figures on exhibit 94, it was explained to us that there was 29 independent stores and 4 chains which were spotted as to prices used. I am no directing my finger at you, so much, Mr. Steinberg, as to the situation in Montreal. I am explaining to you it is simply something which we find, these wide spreads, and I am asking you to explain to us the increase in your spread which certainly contributed to this situation although you may have been lower than the average in Montreal. No, have you got some figures which will help us in that?—A. I had our meat department fill in the prices we were selling at these periods. We go back to January 26, on the second sheet, I notice under sirloin steak or a roast, the price you have here is 61 cents.

Q. Yes. I note that our retail price at that time was 56 cents.

Q. So you are below the average?—A. In that case, 5 cents a pound. What other figures have you referred to?

Q. That was the only figure to which I referred on that sheet.—A. I have them all.

Q. Give us the comparisons since January, 1948.—A. Going down the line, I will give you the figures you have and our figures. Under the 61 cents, the next figure you have is for February 10, 58 cents and our price was 56; February 24, you have 60 and ours was 56; March 2, you have 58 and ours was 56; March 9, you have 55 and our price was 56; March 16, you have 57 and our price continued at 56.

Q. You are over the average on one date, only by 1 cent, but for the most part you were under the average?—A. That is correct.

Q. Now, on the sixth sheet give us your retail prices for fresh loins?—A. Starting January?

Q. Starting January, 1948.—A. Fresh loins—the first line is the cost. Is that it?

Q. The first line is the wholesale cost, yes.—A. Our cost—do you want the cost?

Q. No, give me the retail.—A. Our retail was 45 against 55; 41 against 51; 45 against 51; 45 against 49; 47 against 48; 47 against 48.

Q. Can you do the same for fancy side bacon?—A. Yes, I have that here.

Q. Starting with January 12.—A. January 12 we have 69 against 71; 62 against 72; 62 against 70; 62 against 69; 62 against 71; 58 against 74; 58 against 74.

Q. Now, Mr. Steinberg, is there any other document that you wish to file with the committee?—A. Yes. In submitted the sales in pounds I explained to the committee when I was here last that there was the holiday period between November and January 3. Our sales were $96,618.38 as against 151,011 pounds.

Q. You are referring to page 1 of the first document that you produced on Tuesday last, are you not?—A. Yes, that is correct. I explained to the committee at the time that if they would figure out the pounds into dollar sales they would find it came to very considerably higher per pound than in any other period. The reason for that is that in the sales per pound the stock on hand at that time was not taken into consideration. Under normal conditions that is not necessary because the stock left on hand at the end of any sales period is very much the same, but January 3 happens to be the week of New Year's. I think New Year's day fell early in the week. We sent into our stores a considerable quantity of turkeys that are sold in that particular time, and in order to get an exact figure we went back to the office and worked back our stocks, and I have sheets here to indicate the exact amount of poundage sold in that particular week.

Q. I do not think we need to file an additional document. Perhaps you would give us what you have figured out on this basis as being the total pounds for that period in January, and the amount in cents per pound of your gross profit?—A. The actual sales were 982,002 pounds. That is for the January 3 to 31 period. It worked out to 8·664 cents per pound.

Q. So that working it out on the basis we are doing at the present time instead of 9·1 cents per pound it is 8·664?—A. That is correct.

Q. For January, 1948. And I think taking into account the same carry-over you have worked out the figure to 7·34 cents per pound for the November period?—A. That is correct.

Q. Where we had 7·3 cents per pound?—A. That is correct.

Q. Even at that you see quite a startling advance in your gross profit in cents per pound from November to January, that is, from 7·34 to 8·66. How is that explained?—A. If you will refer to this sheet you go to the costs on beef, it is on the first sheet, second page, wholesale costs on beef.

Q. Will you tell us generally without referring to a page?—A. Immediately after decontrol prices on beef jumped from 25 cents a pound cost to 28 and 29 cents a pound cost.

Q. Yes.—A. And as you will notice in the figures I gave you we do not advance our prices immediately our costs go up, because we always wait for a period to find out if the cost is going to level off. The consumer does not appreciate to the same extent the margin that prices vary very considerably in the wholesale end of the business.

Q. Do not digress. You keep right on the track.—A. I was trying to explain the reason why we do not advance our retail prices, and as a result our mark-up was reduced rather than increased.

Q. Your mark-up percentagewise?—A. Per pound, too.

Q. Your mark-up in cents per pound is increasing?—A. You see we start off with the 7·3, and under control we were getting 9 cents a pound, and it dropped from 9 cents to 7·3 because our costs had gone up.

Q. Then how does it get back up to 8·66, which is your figure?—A. You will note as we go along our costs dropped again. They dropped from 28 to 26 and then 24½ cents. Beef only represents about 45 to 50 per cent of the total volume of meat department sales, so that would have to be related to our other sales. I would say as you will note from the sales that in the January period we got exceptionally high sales, and that influenced the gross profit.

Q. Mr. Steinberg, there are two statements who have made which I want to question you on for a minute. You said under controls you got 9 cents a pound. I am going to try to tell you what we were told by Mr. Grisdale. He said under controls the retail margin was fixed at 23 per cent for red and blue beef, and 26¼ per cent for other qualities of beef, and that came almost exactly to 7 cents a pound on beef. You mentioned 9 cents a few minutes ago. Then he told us on cured and smoked pork products the retail margin allowed under controls was 25 per cent and on fresh and cooked pork 30 per cent. I do not understand your statement that under controls you were allowed 9 cents a pound.—A. I have a test here.

Q. No, I am suggesting to you that you must pay attention directly to that question. Do you say you did, in fact, get 9 cents a pound regularly under controls?—A. I will have to give you the periods.

Q. You know this, do you not?—A. Yes, sure.

Q. Did you get 9 cents a pound regularly over all under controls?—A. When you say over-all I do not know how far a period—

Q. In your meat department.—A. I am dealing there with the period immediately preceding decontrol.

Q. I do not want that. I want you to tell me generally whether in the period of controls you got 9 cents a pound over all.—A. I have not the figures for over all. Immediately preceding this we were allowed a ceiling of 26¼ per cent and if you work that out on the test it would work out to 9 cents a pound. That is what we got in the October period.

By Mr. Thatcher:

Q. Then you are not handicapped by controls?—A. No.

By Mr. Dyde:

Q. You were not allowed 26¼ per cent on all your beef. It was 23 per cent on certain kinds and 26¼ on others.—A. When I say 26¼ per cent I am talking in terms of a carcass when it is broken down and an actual test made. We make a test every week.

Q. The evidence of Mr. Grisdale was that it was 26¼ per cent on other qualities and 23 per cent on red and blue beef, and if you cut your beef according to the standard method that came out almost exactly to 7 cents a pound. You say that is wrong?—A. That is wrong.

Q. You got 9 cents a pound?—A. That is correct. There is the test made by their own men, their own inspectors. I might correct one thing, Mr. Dyde. You made the statement that we or other retailers were satisfied with 7 cents a pound. I would say that in the first instance it always depended upon the cost and if you talk percentage it depends what your cost happens to be at the time. At that particular time or most of the time that we were under the ceiling it was usually at the ceiling when you bought it for the most part. On the basis of 26¼ per cent I would say that worked out to 9 cents. If you take the other things we sell in the meat department, you are taking the over-all picture here, our total sales in the meat department, and if you take in the other commodities—and I said that beef only forms 50 per cent of the sales of 45 to 50

per cent of the sales—you will find on fancy meats we are allowed 30 per cent, and on fish products and pork products I think it is even higher than that. We are allowed about 11 or 12 cents a pound, so if you take the average over all we are allowed more than 9 cents a pound.

Q. Here is the result of what you have told us, that you had more cents per pound under control than you have had at any time since; is that correct?—A. For the period immediately—for the October period.

Q. Yes, but I was talking about the general period.—A. Oh, I would say it was always higher than 7 cents a pound on the average because, as I have already stated, you have got to take into consideration that you sell smoked meats, fish and pork products, and on all of those you were allowed considerably more than 9 cents a pound.

Q. You did better under controls as far as gross profit is concerned than you have done since?—A. Don't you see you relate—

Q. Can you answer that?—A. I would say we did as well if not better.

By Mr. Thatcher:

Q. Then you have not benefited by the fact controls are off?—A. We have benefited in this way, and we prefer controls off for this reason, that under controls our source of supply was never certain. In other words, we would prefer to make less money but be sure of having meat to sell. Our cost would rise very considerably if we did not have meat to sell in our stores.

Q. What you are telling us is that though the consumer is paying 35 per cent more for his meat approximately the retailer is not getting much more out of the increased price. Proportionately you are not much better off than you were before while controls were on. Is that what you are telling us?—A. I would say this; we try to maintain a given average gross mark-up.

Q. You are telling us the retailer has not benefited particularly or has not made any greater profits with controls off than he did when they were on?—A. No, I would think the retailer has made less.

Q. Has made less?—A. Yes.

Q. Then he has not benefited by the fact controls were removed?

By Mr. Kuhl:

Q. Therefore the consumer has benefited as a consequence of the controls coming off?—A. I would say yes.

Mr. THATCHER: How has the consumer benefited when the price has gone up 35 per cent?

Mr. KUHL: That is because costs are greater.

Mr. THATCHER: The consumer has not benefited by the price coming down.

Mr. KUHL: The consumer cannot ignore costs.

Mr. DYDE: I have no further questions.

The ACTING CHAIRMAN: Has anyone else any questions that he wants to ask the witness?

By Mr. Thatcher:

Q. If controls were put back on would it handicap your business in any particular way?—A. Very considerably.

Q. How?—A. Well now, during the period of control, supplies were very uncertain.

Q. Was that because there was a lot of it being black-marketed?—A. Well, you have a better competitive picture from a buying standpoint in our business than you would when it is under control. The people in the supply houses respect your business much more when it is a free open market than when it is under control.

Q. Do you not think that when the consumer is being hurt so badly perhaps you could put up with a little bit of inconvenience?—A. As far as we are concerned it is not that we object to it, but the meat does not go through the same channels.

By Mr. Kuhl:

Q. Would the consumer not be hurt still more if the same proportion as at the present time was maintained and you put the price controls on?—A. I will put it this way. You do not know the price that the consumer pays under control, some people paid the ceiling price and other paid—you have an idea how much it was.

Mr. THATCHER: You mean there was black marketing going on in Montreal before?

The WITNESS: I will leave that to you to draw your own conclusions as to that.

By Mr. Dyde:

Q. If our figures on exhibit 94 are correct as to the general retail price of meat in Montreal—I am not speaking of your price, Mr. Steinberg, because you have shown us you are below the average—but other prices, other retail prices of meat in Montreal, if they are correct, then there must be—would you not say there must be a number of retailers in Montreal who are making away over 9 cents a pound?—A. I do not think it would be fair for me to comment on what other retailers are doing, but I would be very safe to say that in meat during the period of short supply that the figure that you have in your exhibit 94 seems to be very reasonable.

Q. You have proved to us this morning, and this is confined to meat, that if you are making 8·66 cents per pound, and if our prices are correct on exhibit 94, there must be a lot of retailers in Montreal who are making well over that?—A. That is my opinion.

Q. What is that?—A. There must be some who were.

Q. The other day, Mr. Lesage was asking you to supply something, do you recall what that was?—A. He wanted to know what it cost us to sell a pound of meat.

Q. Yes.—A. And we have spent, my accountant and myself, we have spent all Saturday afternoon, all Sunday and all this morning using the finest machines we could get to try to work that out; and we estimated that it costs us approximately 7 cents. The figure I gave Mr. Lesage Friday was between 6 and 6½, and Mr. Lesage had a figure that was made by a very fine chain store on the west coast of 4 cents. But we find that it is closer to 7 cents than it was even to 6 or 6½. I might say here that we believe that in the food business we are as efficient as anybody in this business, and our methods are somewhat different from what they are in the other stores. We operate on a complete self-service basis so that our cost of selling is certainly not higher; and if you will take the volume figures into consideration on the basis of sales per store I do not think that their chain stores compare to ours, even if you deal with meat alone. I would say those stores don't do anywhere near the volume of business we get in our store. I find the figure of 7 cents very close to what it costs us to sell our meat.

By Mr. Thatcher:

Q. There is one question, Mr. Steinberg, have you any suggestion that you could make to this committee of some way in which we could get fresh meat coming down instead of going up? Could you offer us any suggestion as a retailer?—A. Well, the very fact that we take this new style of selling, the

self-service style, which is supposed to be the most important step in retailing of meat—in fact, it is developing in the United States and we are the pioneers in that field here.

Q. How many cents per pound do you think the retailer could save by having self-service as a feature?—A. I think a great saving is effected by the consumer in that way. I mean to say, the retailer doing a good volume could turn over a steak or a roast and keep the meat in better shape so that it does not lose its freshness or bloom—you see, if the retailer has not got a good turnover he should not go into self-service.

Q. But supposing that was possible, that it was possible for the retailer, how much do you figure he could cut the price of meat if he put that in; half a cent or a cent a pound, would you say?—A. It is hard for me to say what the other fellow could do. I think it would be a good thing for me to explain the way everything goes in. Starting with the consumer, the consumer, the woman who comes into the store and she can examine the meat. It has the price per pound and the weight on it. She knows just what she likes. But as far as the storekeeper is concerned the great saving is effected in this way. The largest part of the business in the meat business, especially in the meat business, is done at the week-end. In order to cope with that business he has to engage people—and when I say people I am talking about sales clerks—for the week-end and they are not nearly as efficient as the staff he has on all week. Then again he is not certain just how he is computing that meat; just whether he is earning his salaries for certain people, and he does not know just where he stands in that type of operation, whether he is even earning his extra expense. In our type of operation you are able to compute your stocks in advance. In fact, I will put it this way; in our business of self-service you have real control over every piece of meat that goes into that case. It is marked and recorded just like it would be in any ordinary business. Then you know your variations in cost and how they apply. Then, we keep a running inventory. Starting with Monday we know every piece of meat that goes into the case. Every piece of meat that goes into the case on Monday is recorded on a record sheet. At the end of the day the stock left on hand is recorded. The record for all Monday's operations over the past period are recorded on the same sheet so that at the end of the week he can turn to that page and figure what your production requirement is going to be. The manager then produces about 75 per cent of the indicated requirement so that at all times every piece of meat offered for sale is really fresh. For the week-end having this record there is no guess work. You have a packaging department. You have a production man, and you know what staff you are going to require to put that meat into the case for the customers. At the same time, the customer can go to the case, select the piece of meat she wants; if she wishes to she can take it to the nearest scale and weigh it and check it up. She knows exactly what she is getting and exactly what she is to pay for it. There is your control.

Q. I think you are rather to be complimented on the very efficient method you use, but would you tell this committee how much you think that is going to save. It is a minor factor?—A. Oh, no.

Q. Or would it be substantial?—A. The meat sold that way the customer would know whether she was buying meat under the ceiling. She would know the exact amount she is paying when meat is sold that way.

Q. But you could not estimate for me how much of a saving that would amount to in cents per pound?—A. We work on percentages, but I would say—

Q. Just approximately?—A. I would say 3 per cent to that question.

Q. 3 per cent?—A. We work on percentages, and when it comes to percentages there is no question about that.

Q. Would it amount to as much as a couple of cents a pound?—A. I would say 7 per cent, and a larger volume of sale it would be considerably more. But

taking it as compared to the ordinary store and the ordinary volume, for the standpoint of efficiency alone I would say that a saving of 3 cents would be certain.

Q. What would that be on a pound of packaged bacon?—A. We relate to the over-all sales.

Mr. KUHL: Mr. Chairman, would it be completely in order for a member of the committee to ask a witness for suggestions as to how he can bring the price to the consumer down?

Mr. THATCHER: That is what we are sitting here for, Mr. Kuhl.

Mr. KUHL: Would I be called to order for asking questions of that kind? I would like to ask a question along that line but I do not want to be called in order again.

The ACTING CHAIRMAN: That is principally what we want to get, but we have to remember that the witness is on oath and when he makes a statement of that kind, unless he can give the facts, it is only his opinion. I do not know whether he wants just to give his opinion or not. I think personally it is to the benefit of the committee to get some suggestions from a man of the experience of Mr. Steinberg.

Mr. KUHL: I would like to ask a question along that line, too.

The ACTING CHAIRMAN: We are prepared to hear your question anyway and will use our judgment as to whether it is similar to Mr. Thatcher's or not.

Mr. KUHL: Mr. Thatcher just asked Mr. Steinberg if he could make any suggestions as to what could be done to reduce the price to the consumer and he has made a statement. I would like to ask Mr. Steinberg if, for instance, the sales tax were eliminated whether that would not in his opinion reduce the price of meat.

The ACTING CHAIRMAN: Oh, well, I think that is obvious.

The WITNESS: That is very obvious.

Mr. KUHL: Therefore, if we are looking for a solution to reduce prices, any reduction in taxes will reduce prices to the customer accordingly.

The ACTING CHAIRMAN: We all know that. If we did not have to pay any taxes we would all be very happy, but unfortunately we are living in a world where we have to pay them.

Mr. KUHL: That is your opinion. I do not think so. I am just asking for some facts. I have asked other witnesses as to the proportion of their costs represented by dominion taxation and none of them have been permitted to answer that question so far, except to indicate that by whatever extent it was reduced it would reduce the prices to the consumer.

By the Acting Chairman:

Q. I would like to ask Mr. Steinberg this, on the information you gave the committee this morning you gave salaries for November as $17,797, and for January $22,943.75. Are those actual, or are they percentage salaries?—A. Those are the actual controllable salaries.

Q. That is for the people who are doing the work for you in this department, or does that include other departments as well?—A. That is for the meat department. These are what we call controllable expenditures in the meat department.

Q. And in your expense item do you include such things as rent?—A. That is not charged in here. This only represents about 7 per cent of sales, do you see. The non-controllables, there are quite a list of them—they would work out, with respect to the meat department, also to about 7 per cent, depending on the volume of sales.

Q. Does your fiscal year end in January?—A. No, our fiscal year ends July 24.

By Mr. Dyde:

Q. In connection with Mr. Thatcher's question I do not know that we have on the record the exact figure that we want. When did you put this self-service feature in in your stores?—A. We have been operating on a self-service progressively now for almost two years.

Q. Are you not able to tell Mr. Thatcher almost exactly what you can estimate—I think you said it was 3 per cent, but is not that an exact figure rather than an estimate?—A. It could never be an exact figure as it is based on volume. But I will answer it this way, it always reflects itself in our gross margin of operation. It was different under ceilings—

The ACTING CHAIRMAN: Were you limited as to how much you could sell then?

The WITNESS: Yes, we were limited as to how much we could sell. I would venture to say that with a very slight increase in our cost we could almost double our business. You cannot do that in a service operation. In self-service it just means maybe two extra girls on the production table. That is all. Maybe an extra man. You might increase your volume of business handled to a half a million dollars with practically no increase in staff. I think we could almost double our business adding very little in the way of cost under self-service.

By Mr. Dyde:

Q. Now, that 3 per cent that you gave us, is 3 per cent of what?—A. That is 3 per cent on our cost, and it is related directly to volume. As you increase your volume in a service set-up you have to increase your supply of labour employed. It would certainly cost a service operation about 10 per cent. We did work these figures out at one time, the cost of service as against self-service, and it worked out to about 7 per cent. When it comes to volume, with self-service you could almost double that with practically no additional expense.

Q. This morning we asked you for a comparison of controllable expenses in November and controllable expenses in January. Now, what you are saying, comes to this; that without the self-service feature this controllable expense would be increased as 10 is to 3?—A. That is correct.

Q. That is correct is it?—A. It is.

By the Acting Chairman:

Q. Self-service is done without any deliveries at all?—A. No.

Q. The customer calls for his own goods?—A. Yes. Self-service is where the customer walks up to the meat case and everything is pre-packaged. You don't speak to the butcher at all, you don't see the butcher. You just walk over to the case, pick up the cut you want. It is all cut, wrapped, the price per pound, the weight, and the total cost marked on the package.

By Mr. Kuhl:

Q. May I ask Mr. Steinberg another question. What other taxes besides the sales tax do you as a merchant pay—Dominion taxes. Are there any other Dominion taxes that you pay?—A. I haven't the records with me.

Q. I mean, approximately?—A. I haven't any records relating to taxes with me.

The ACTING CHAIRMAN: Are they any other questions? As there are no further questions I wish to thank you for coming here, Mr. Steinberg, and for being so helpful.

Mr. DYDE: Mr. Chairman, we have with us the representatives of Wilsil Limited who left one or two questions unanswered and they are now prepared to answer those questions.

Mr. HARKNESS: Mr. Chairman, before any other witnesses are called I would like to move that we call before this committee the Minister of Agriculture, as a result of the statements which he made in the house on Friday, and I think such action might possibly enable us to wind up this committee.

Mr. IRVINE: To what statements do you particularly refer?

Mr. HARKNESS: I refer first of all to the fact that Mr. Gardiner takes credit for the high price of beef and pork as a result of his policies, and further that any idea that those high prices were due to manipulation on the part of people handling meat would not stand up. Mr. Gardiner says the causes are much deeper. He made the statement that there is no surplus of beef as has been indicated to this committee. Of course, I agree with those statements of the minister, as a matter of fact, and I think that in view of the statement or the various statements that have been made in connection with the price and the general situation as far as beef and pork are concerned, such evidence would enable us to end this inquiry into meat.

The ACTING CHAIRMAN: Mr. Harkness, I think that this should be off the record because I see that at this moment we have no quorum. I might say, that your suggestion might properly come before the steering committee.

Mr. THATCHER: I am inclined to support Mr. Harkness' motion and I would like also to see the Minister of Finance brought here to explain some of these excise taxes.

Mr. MERRITT: Mr. Chairman, you now have a quorum. I think Mr Harkness' motion is a motion which you should entertain. Surely from the evidence we have had so far we have found, in going through these details and examining the figures right down to the last ¼ of a cent, that the increased export contract price has taken control of the whole situation. It has been that increase in the export contract price which has occasioned these rises. We have been talking about $\frac{1}{7}$ of a cent to packing houses and 26 per cent to retailers but those things are the result of the initial price. That must be a fair summary of the evidence we have had so far and I think Mr. Harkness' suggestion will bring this question of meat prices to a head in a way that should enable us to make a judgment.

Mr. KUHL: I would like to support the motion, Mr. Chairman, and I would agree with what Mr. Merritt has just said. I think the people we must cross-examine here are members of the government. I have come to the conclusion, as a consequence of the time I have been here, that it is government policy which is the greatest contributing factor in this price situation. I think we should have as witnesses these members of the government who are responsible for taxation.

Mr. HARKNESS: We have now spent about three days examing what looked to be to some members of the committee, a great surplus of beef. That took place as a result of the storage figures which we received, but Mr. Gardiner said on Friday that those figures are completely wrong and that there was no surplus of beef but that there is a shortage, and the amount in storage now was very little. He also said there has been very little meat actually taken to meet the British contract. I think we have been going around in circles and at cross purposes if Mr. Gardiner's statements are correct. I think you will find his statements are correct and therefore I think it is important that we bring Mr. Gardiner here so that we may possibly wind up the inquiry into meat.

Mr. IRVINE: I have no objection to seeing Mr. Gardiner here but I do not think that we can expect to get much information from Mr. Gardiner. It has been alleged that he credits himself with the high price paid to the consumer—

Mr. HARKNESS: To the producer.

Mr. IRVINE: I beg your pardon, to the consumer. It is a certain thing that we must pay a sufficient price to the producer or meat will not be produced. I think there is too much spread between the producer's price and the price paid by the consumer, and on that matter Mr. Gardiner knows no more than I do. If there are any facts to be brought out in that respect they can only be brought out by those who are actually carrying on the trade. I suppose it is generally true to say that all things—good and bad things in our economy—are a result of government policy. That is a general statement and probably true, but I was hoping that we might have, after examination of the various industries, facts which would enable the government to formulate a better policy if it is so inclined. In any event, I do not think that we should violate the practice of this committee in having direct motions regarding the calling of witnesses before the steering committee has given the matter consideration. I have been prevented from putting such motions and while I do not want to try and block anything but I think our regular practice should be followed.

The ACTING CHAIRMAN: I am entirely in the hands of the committee. I think it would be creating a precedent at this time to decide to call a witness directly over the head of the steering committee. I do not think that a motion is necessary and I will see that the matter is brought to the attention of the steering committee at a very early date.

Mr. HARKNESS: Surely the affairs of the committee are in its own hands? I do not see why the matter has to go before the steering committee which is only a part of the full committee.

Mr. McGREGOR: Mr. Chairman, as far as I can see there has been a certain impression created throughout the country indicating that there has been too much meat in storage. That impression has been created by this committee and if Mr. Gardiner says the facts are to the contrary I think we should know. I think it is important that Mr. Gardiner be here.

Mr. IRVINE: We know exactly how much meat is in storage because we have the figures here.

Mr. McGREGOR: All right, but let Mr. Gardiner come and tell his own story.

Mr. HARKNESS: Mr. Gardiner says that you do not know the facts.

Mr. IRVINE: I presume that Mr. Gardiner has already told his story and I do not see why you want to bring him?

The ACTING CHAIRMAN: I have no objection to calling Mr. Gardiner but I do not think we are proceeding in quite the right way.

Mr. IRVINE: The question is whether the calling of Mr. Gardiner is the best move which can be made by this committee towards achieving its purpose. I do not know exactly what business is in hand at the moment nor how many witnesses have been already called to appear here. It might not be wise to take this action without knowing the facts. There may be witnesses now here or coming, and the calling of Mr. Gardiner or anybody else without the steering committee having been notified would result in a serious change in the program.

Mr. DYDE: I can perhaps help, Mr. Chairman. The gentlemen who are waiting to give evidence here were asked to come back to say, among other things, how much meat they had in storage at May 1. We also received from Mr. Lafleur of the Dominion Bureau of Statistics the figures for storage on April 1 and I inquired very carefully whether we could get the exact figures on storage as at May 1. I was informed that there was no one anywhere who would know what was in storage at May 1 until about May 12 and it would be Dominion Bureau of Statistics who would then know and the Dominion Bureau of Statistics would be first to know. It had been my intention, following

this morning's proceedings,—because I have no meat witnesses other than the gentleman from Wilsil's—to call no more witnesses with respect to meat until Swift's can come back and until we can get the exact figures on storage.

Mr. THATCHER: I want to support Mr. Harkness. I think this committee should subpoena Mr. Gardiner for tomorrow morning. I would also like Mr. Abbott subpoenaed to explain this subsidy matter, and why subsidies were taken off. I would like to see those two ministers subpoenaed for tomorrow morning and we will get on with this thing. If you are making a motion—

Mr. HARKNESS: Yes, I made it a motion.

Mr. THATCHER: —I would be very glad to second your motion.

Mr. MAYHEW: If you are adamant and if you are going over the head of the steering committee I would like very much for you to consider that the chairman is not here and the vice chairman is not here. The chairman was required at a cabinet meeting this morning at which important things were being considered. I am only in the chair for the time being and I would like very much if you would at least let the matter go until this afternoon. On the other hand you might take my assurance that the matter will be brought to the attention of the steering committee.

Mr. HARKNESS: I remember that the same thing was done in connection with Mr. Towers. A motion was made in the committee and I cannot see that there is any reason why this motion should not be settled right here. It is creating no precedent at all.

Mr. IRVINE: I think it is creating a precedent. In the case of Mr. Towers I remember that he was to go away within the next day or two after the matter was brought up, and that was an exceptional case. I do not wish to be a stickler in respect of rules but I have been held up two or three times on similar matters and I think perhaps it would be just as well if we followed the ordinary rules laid down by ourselves.

The ACTING CHAIRMAN: As a matter of fact, Mr. Towers' case was referred back to the steering committee. I was requested to get in touch with Mr. Towers to see what date would be suitable for him. It was just on the eve of his going away and the matter was referred back to the steering committee. I had several conversations with Mr. Towers before we could arrange a time. So, in that particular case, Mr. Harkness, I am sure it was referred back to the steering committee. I should like to see the same thing done in this particular case, if at all possible.

Mr. MERRITT: The situation in which we find ourselves is this: we have heard representatives of producers, packers and retailers. So far as I am concerned, having heard that evidence, it seems to me we have had a rather complete picture of the meat industry. The witnesses who are coming back are just filling in the tag ends. Mr. Gardiner's Friday statement certainly brought this to a head. If Mr. Gardiner bears out that statement before the committee, it may obviate the necessity of recalling Swifts or any of these witnesses. This course would give us an opportunity of cutting short the inquiry which many of us, as you know, believe has been going on at too great length, and it would help us understand the causes of these price rises.

The ACTING CHAIRMAN: We will be able to have, according to counsel's statement, figures showing the stocks of meat in storage by about the 15th of the month. These would be authentic figures prepared by the Dominion Bureau of Statistics and they would show us whether Mr. Gardiner's statement was correct or not.

I have no objection to him coming here if he can give us information the Dominion Bureau of Statistics has not got or which we cannot get. I am quite satisfied as to that, but we will have the figures here by the 15th of May and I do not think that is too long to wait.

Mr. THATCHER: Do you not think, when you have a motion duly put and seconded—

The ACTING CHAIRMAN: Quite right, I am just trying to keep the committee on what I believe to be the procedure it was intended we should follow when we started, that all these matters would go before the steering committee. However, the motion is before us and if you insist upon me putting the motion—I shall not say I will gladly put it, but I will put it.

Mr. HARKNESS: I think you should put the motion.

Mr. IRVINE: You think it is not out of order? You are not prepared to rule it out of order?

The ACTING CHAIRMAN: No, I do not think I am prepared to rule it out of order. I think the committee can fire the steering committee if it wants to do so. The committee can do anything it wishes to do, whether it is advisable to do it or not. I feel the other procedure would be better, but I have no alternative but to put the motion.

The motion is that Mr. Gardiner—you have not put a time limit on it. I do not think it is fair to say tomorrow morning, because I do not know whether the minister could come tomorrow morning.

Mr. THATCHER: If we subpoena him, will he not have to come?

The ACTING CHAIRMAN: I do not think this committee is going to go that far with a minister of the Crown in these days. The motion is that Mr. Gardiner be called before this committee.

All in favour?

Mr. IRVINE: I am going to vote against it.

The ACTING CHAIRMAN: The motion is carried.

Carried.

Mr. DYDE: Mr. MacEwan, you are already sworn and I would ask that Mr. Smith be sworn.

Mr. SMITH: I was sworn.

H. MacEwan, Vice-President, Wilsil Limited, Montreal, recalled:

G. M. Smith, of P. S. Ross and Son, Auditors of Wilsil Limited, recalled:

Mr. DYDE: The other day, when you were before the committee, there were one or two rather small points which we had to clear up with reference to your evidence. Since then, the question of storage stock has arisen and I should like, for the purposes of the record, to clear that up this morning. May we go first to the storage stocks and would you tell us the figures covering your storage stock on beef and pork as of May 1? I think, gentlemen, that we might—those of you who wish—put these figures on your documents, schedule 5 of the Wilsil documents.

Mr. SMITH: The figures as of May 1, 1948, in pounds, under the heading beef; first, we have frozen beef, 774,690 pounds; other beef, 471,624. Total beef amounts to 1,246,314.

Then, pork: freezer pork, 2,563,614 pounds; other pork, 1,507,407; total, 4,071,021 pounds.

Mr. DYDE: That is for May 1, 1948?

Mr. SMITH: Correct, sir.

Mr. DYDE: I think you have the figures for a year ago on May 1?

Mr. SMITH: They are for May 3, 1947. Frozen beef, 267,097 pounds; other beef, 284,498; total beef, 551,595. Pork, frozen pork: 1,117,778: other pork, 1,114,619 pounds; total pork, 2,232,397 pounds.

Mr. IRVINE: That is about twice as much this year as last?

Mr. SMITH: That is correct.

The ACTING CHAIRMAN: That is for beef?

Mr. SMITH: That is for beef and pork, it is almost twice as much in total. I think those figures, Mr. Dyde, bear analysis if I may go a little further. Mr. MacEwan was able to get a breakdown of those figures. The first figure we had, frozen beef, 774,000 pounds—do you want a complete breakdown of that? There are about six items?

Mr. IRVINE: Is there any difference between the breakdown of that 774,000 and the breakdown of the corresponding figure of the year before of 267,000?

Mr. MACEWAN: Yes.

Mr. SMITH: Proportionately, yes, very definitely.

If we break it down, there will be six headings. We break it down, and carcasses are first. May 1, 1948, 143,256. Do you want the 1947 figures, now?

Mr. DYDE: Yes.

Mr. SMITH: 90,052 pounds; cuts, 80,817 pounds and the corresponding figure for 1947 was 27,976; manufactured beef, 403,595 pounds; last year, 93,145 pounds; fancy meats, 62,172 pounds; last year 6,834; tripe, 84,850 pounds; last year, 49,090 pounds. Those figures add to the frozen beef which I gave you in total.

Now, other beef can be similarly broken down if you wish to have the figures.

Mr. DYDE: Yes, thank you.

Mr. SMITH: There are five headings. Carcasses, 1948, 198,691 pounds, against 71,781 pounds; cuts, 20,183 pounds, against 29,008 pounds; manufactured, 20,737 against 14,233; fancy meats, 13,986 against 27,969 pounds; cured beefs, 218,027 pounds against 141,507. Those figures will add to the totals which I gave you at the start, Mr. Dyde.

Mr. DYDE: Now, tell us the significance of that breakdown, will you, Mr. Smith?

Mr. SMITH: May I call upon Mr. MacEwan for that?

Mr. MACEWAN: The big item, Mr. Dyde, is the manufactured beef. The difference is that in 1948, there are 403,000 pounds in storage as against 93,000 on May 3. That is accounted for by this fact, that we always put away manufactured beef towards the end of the year, that is in November and December, because it is the time of the year that beef comes on to the market. There is very little of it in January, February, March, April and May. In 1947, we were canning very heavily. The fact of the matter is, we take May 1 as an example, in that period we manufactured 2,201,091 pounds of canned meats which the manufacturing beef used up. This year, I have not got the exact figures, but it is certainly not over 500,000 pounds. We have orders on hand which will take up this and, in a matter of a couple of months time, there will be none of that manufactured beef. That manufactured beef cannot be used, so far as selling it to the consumer is concerned, unless it is put in the shape of bologna and put into tins.

Then, you go further down to the biggest item which is fancy meats. Fancy meats on May 1, 1948, amounted to 13,968 pounds and in 1947 we had 27,969 pounds. That is simply due to the fact that, at that time, the liver and kidneys went into the formula which was prepared for UNRRA and we had to accumulate stocks. This year, there is no UNRRA and therefore those stocks are not used. It is for that reason we have smaller stocks this year than we had before. If you come back again to the carcasses of beef and the cuts, you have 143,000 carcasses on May 1 against 90,000, and 80,000 cuts against 27,000. Up to May 1 we killed this year 680 carcasses of beef as against 483 in the same period of 1947, and that accounts for the difference. We would have a heavier killing on Fridays, and there are no sales on Saturday. The business is closed so far as selling is concerned. The stock would be that much greater, and after all 50,000 pounds is nothing.

Mr. Dyde: Mr. MacEwan, when you come to other beef you are very much higher in your carcasses. In your carcasses at May 1 for other beef—that is not frozen—you have got 198,691 as against 71,081 a year ago.

Mr. MacEwan: In speaking as I did just now I should have said I was really referring to the other beef because that is fresh beef. Other beef is carcass frozen beef, and we do not figure that 50,000 pounds of carcass beef in 1948 is very much more. It amounts to about a carload and a half. There are 30,000 pounds in a car, and there is just about a carload and a half. The cuts come to probably two cars. The reason for that is that all the time we have export business. We have export business to Newfoundland. We have export business to the West Indies, and we have export business to Bermuda, and we have to put all the orders that we get for that in the freezer, and that accounts for that.

Mr. Dyde: All right. Still paying attention to May 1, 1948, and to the carcass meat which you have in the cooler but not frozen, I am referring to the figure 198,691. Can you tell us how much supply that is, what length of time is that supply for in your business? Do you follow my question?

Mr. MacEwan: Yes, I follow you perfectly, half a week's supply, three day's supply.

Mr. Dyde: I have no further questions on inventories.

The Acting Chairman: It is quite clear, is it not, that you have considerably more both beef and pork on hand on May 1, 1948, than you had on May 1, 1947?

Mr. MacEwan: That is correct.

The Acting Chairman: About double in each?

Mr. MacEwan: If you go back to 1947 and take fresh beef alone, there is 71,781 pounds, and the cuts are 29,008 pounds. That would mean that our cooler was almost denuded of beef.

The Acting Chairman: Which year?

Mr. MacEwan: I am referring to 1947. That is your comparison year. You would have about a day and a half selling; that is all.

The Acting Chairman: Would you think your operation would be something similar to the operation of other packers?

Mr. MacEwan: Possibly, yes. I do not know their figures but I would fancy yes.

The Acting Chairman: You all follow the general practice. It is ordinary business practice?

Mr. MacEwan: As a general rule if we are short of beef in our coolers the others are short of beef.

The Acting Chairman: Has anyone any questions they want to ask the witnesses?

Mr. DYDE: Then, if you will go to schedule 2, Mr. Smith, on schedule 2 we were rather startled by the fact that your average price per pound went up in September, 1947. I believe you have carried out a study of why those prices went up. I think you could probably file a document, but I think I would prefer if you would give it to us in narrative, rather than filing another document for that particular period.

Mr. SMITH: Yes, sir. In order to account for the increases in the average selling prices of pork which we filled in on schedule 2 of our original exhibits, that is, from 26·8 cents at the August 9 period to 30 cents at the September 6 period, to 33·3 cents at the October 4th period, we made a detailed study and analysis of the company's sales records for those three periods and ascertained that the differences were due to the following factors, first that we were comparing on this schedule net sales figures, that is to say, figures after deducting returns allowances and outward freight. The variations in the returns, allowances and outward freight between periods accounted for a portion of those differences. Secondly, a price increase had been authorized effective September 2, 1947, of 2 cents a pound for export, and there was an increase at the same time in the domestic ceiling which affected one week of the September 6 period and all of the October 4 period when compared with the other two. Thirdly, and probably a major factor, was an increase in the proportion of sales of the higher priced products, that is to say, smoked meats and bacon in September versus August, and then again in October versus September.

I should like to call the committee's attention to the fact that the October 4 period was the strike period for this company. The strike took place on September 10, 1947. At the beginning of the strike the union officials permitted the company to dispose of all perishable goods which were in the plant. Fresh pork was sent to cold storage. Cured and smoked meats—those are the more expensive items, particularly smoked meats—were shipped in most cases to customers against outstanding orders, although some did go into storage. The October 4 period is different from the others, too, in that the sales are so small because except for shipments to hospitals and similar institutions during that period, and except for the first week's sales there were practically no sales made during the period.

Mr. DYDE: Mr. Chairman, it seemed to me that was a minor point because it was away back in August and September and October. On the other hand, there was some doubt when the witnesses were here before as to the reason for it, and I thought there ought to be on the record the reason given. As far as I am concerned I am quite satisfied with the explanation given by Mr. Smith, who is the auditor of the company although he is not an officer of the company. If there are no further questions I only have one other to ask the witness. I asked you, Mr. Smith, to examine the company's record to see whether you could give us any assistance as to the condemnation insurance fund of Wilsil Limited. I would be obliged if you would tell the committe what you have been able to find.

Mr. SMITH: In examining the records of the company as to the details of this condemnation fund we checked the year 1947 closely, and an accurate statement was produced. We found that in all of the years the company in its records had not charged to the condemnation reserve parts and fancy meats of both hogs and—no, I am sorry. In the case of beef, parts and fancy meats which had been condemned had not been charged against the reserve, only whole carcasses. In the case of pork the amount is correct and both items were charged. In the case of offal resulting from condemnation no credits had been given to the reserve, so that we took the year 1947 and made a proper picture, as a result of which we find the following figures. In the case of cattle the insurance collected was $9,804. That was on 28,260 animals. There is an additional

credit to the reserve for the value of material utilized in the rendering house, plus hides, of $6,898, so that the total credit to the reserve for the year was $16,702. The value of carcasses and fancy meats condemned was $35,681. So that in 1947 the records of the company indicate it sustained a loss of $18,979 on cattle.

In the case of hogs credits for the insurance amounted to $18,353, and that is on 98,096 animals. The value of the materials utilized in the rendering house was $1,935, giving total credits of $20,288. The value of carcasses and fancy meats condemned was $18,002, indicating a profit for 1947 of $2,286 on the hog condemnation account.

Mr. DYDE: While you have not examined the other years to the same extent and broken down all the figures are you able to give the committee the general outline contrasted between cattle and hogs? In other words, how do the company's figures, generally speaking, run over a period of years? Does the company continually lose money on beef or can you say that?

Mr. SMITH: Based on the book figures of twelve years the company lost money on five of the years, but there again I say the book figures are misleading because they do not charge in the value of the parts condemned which are very substantial.

Mr. DYDE: And with regard to hogs?

Mr. SMITH: With regard to hogs according to the records the company made a small profit in eight of the twelve years, and they lost money in four. The base of these pork figures against the average for the twelve years per animal slaughtered in the case of cattle was a credit figure or profit of 2·9 cents each; and, in the case of hogs, a credit of 1·6 cents each.

Mr. IRVINE: Does the government official who condemns these carcasses or parts keep a proper accounting of every detailed case?

Mr. MACEWAN: Yes. On our figures for 1947, I personally checked them with the government's veterinary department in each plant and I found that they have a record daily of what is condemned, and our figures have been made up from a check with theirs.

Mr. SMITH: I should like to say, Mr. Dyde, that these may help to give you some indication of the figures for the other years, even though they are not completely factual. It appears it would have been worsened had the company charged in the parts, because the results for 1947, that are worked out on an accurate basis, were substantially worse than the record shows.

Mr. DYDE: You charge the same rate of insurance as is charged in other parts of Canada? What are your rates for insurance?

Mr. MACEWAN: 20 cents, the same as the others; 20 cents on steers, bulls and heifers and 50 cents on cows.

Mr. DYDE: And in the case of hogs?

Mr. SMITH: $1\frac{1}{2}$ of 1 per cent per hundred weight.

The ACTING CHAIRMAN: Counsel says he has no further questions.

Mr. KUHL: Could Mr. Smith indicate how many different kinds of Dominion tax Wilsil's pay?

Mr. SMITH: I am afraid I haven't the records with me.

Mr. IRVINE: We will have to get that from the Minister of Finance.

The ACTING CHAIRMAN: Are there any other questions?

Mr. DYDE: That, Mr. Chairman, completes the witnesses whom I have called. I know that Mr. Monet is ready to start fruits and vegetables at 4 o'clock this afternoon. I will have to postpone Swift's because they are not ready; and then, with reference to storage figures, I have already stated that they would not be ready until the 12th or 13th at the earliest.

Mr. Irvine: Well then, are we going to call Mr. Gardiner this afternoon?

The Acting Chairman: Gentlemen, it has been brought to my attention in Beauchesne's Parliamentary Rules, under Rule 678, that in the case of evidence of a member of the House of Commons being required by a committee of the House it is customary for the chairman to request him to come and not to address a summons to him in the ordinary form. So I will speak to the chairman and have him talk to Mr. Gardiner about his appearing here this afternoon, following the usual form. I hope that is satisfactory to the committee.

If there is nothing more before the committee this morning we will adjourn until 4 o'clock this afternoon.

The committee adjourned to meet again this afternoon at 4 o'clock.

AFTERNOON SESSION

The committee resumed at 4 p.m.. The Chairman, Honourable Paul Martin, presided.

The Chairman: Members of the committee, we start today our inquiry on fruits and vegetables, and we have Mr. Monet back with us. Are you ready to proceed, Mr. Monet?

Mr. Monet: I am, Mr. Chairman. Before calling witnesses, Mr. Chairman and members of the committee, I should like to outline briefly the scope and the direction of the inquiry into fresh fruits and vegetables. I wish first to place in the record as exhibit 104 a document prepared by the secretariat of the committee. This document is now being distributed to the members of the committee. It consists of a set of nine statistical tables. These will provide you with certain basic factual information that may be of help during the course of this inquiry. With the exception of some data on oranges the sources of these statistics are the Dominion Bureau of Statistics and the markets information section of the Department of Agriculture.

Exhibit No. 104: Fresh Fruit and vegetable statistics.

(See Appendix)

Mr. Monet: I may say at this point that in preparing for this inquiry consideration was restricted to those fruits and vegetables that have been available during the past winter in a fresh form. Perishable produce such as berries among the fruits and tomatoes and lettuce among the vegetables have not been investigated because they were not available on the market. Some of this perishable produce is once again appearing, and the secretariat is watching developments. Before the inquiry closes it may be thought advisable and desirable to investigate the prices of this new produce, to wit, tomatoes, but I think this matter should be left open for the moment.

If the members of the committee will look at table 1 of the exhibit which has just been filed you will see that the wholesale and detail prices of apples, bananas and oranges were lower in April, 1948 than in October, 1947, in Halifax, Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver taken as a group. For that reason it is not proposed to make any extended inquiry into the prices of fruits. However, an issue has already been raised before this committee as to the price of oranges in Toronto. It is, therefore, proposed to explore this question further. Certain basic data on orange prices that may be of help to this committee at that time is to be found in table 4, page 15. You will notice that in these nine shedules the pages have been numbered 1 to 22 to help the members of the committee to locate quickly any reference that may be made to any of the schedules on produce.

Counsel proposes also that an inquiry into the price of bananas in Montreal especially be undertaken. The trade witnesses being called before the committee have been asked to provide data on their operations in apples. It is not expected those operations will call for particular consideration, but in view of the importance of apples in the Canadian diet it has been considered desirable to check into their prices. It will also be noted from table 1 that the wholesale and retail prices of carrots, cabbage, onions and celery have increased greatly between October of last year and April of this year. Thus the wholesale price of onions has more than doubled, and of carrots nearly doubled. The price of cabbage is about 60 per cent higher in January. The prices were much higher than at present. The price of celery also increased sharply until the supply was exhausted in January and February. It is proposed to investigate carefully the cause of the rise in the prices of these vegetables.

Table 1 also shows that the price of potatoes has risen very little over the past winter and spring for Canada as a whole. This is not true, however, for all markets. For this reason it is considered that the price of potatoes should not be ignored by this committee. Another reason for checking up on the price of potatoes is that potatoes are about seven times as important in the Canadian diet as the four vegetables mentioned above, carrots, cabbage, onions and celery, as can be seen from column B of table 1.

I should also point out that the price of a number of other vegetables has increased quite sharply. Subject to the approval of the committee it is not proposed to make inquiries into their prices for one of three reasons, first that the price has not increased as markedly as for the vegetables already mentioned. For example, in turnips the average price has increased from 2·5 cents to 3 cents a pound over the winter. Secondly the vegetable is not an important item of the Canadian diet, such as turnips, parsnips, and in a lesser degree beets. In the third place the vegetable is one of the so-called canning vegetables, peas, beans and tomatoes, and have not been available in the fresh form since early last fall.

To recapitulate what I have said already it is proposed to inquire into first the price of oranges generally, and particularly in the Toronto market where the price of oranges has already been the subject of hearings before this committee. Secondly, the price of bananas in Montreal. Thirdly, the prices of carrots, cabbage, onions, celery and potatoes in different Canadian markets. Fourth, if the situation seems to warrant action the price of newly produce just now coming to market will be investigated, more especially tomatoes.

To help the committee during the course of the investigation your secretariat has compiled from official sources statistics on wholesale and retail prices. Table 2, page 2, of the exhibit just filed, and pages 2 to 9 inclusive, except for apples and celery, gives the average wholesale and retail prices prevailing in seven of Canada's leading markets for the period October, 1947, to April, 1948, together with the corresponding prices for the first Monday of the last month of the years 1939, 1943 and 1946, for apples, bananas, oranges, potatoes, carrots, cabbage, onions and celery. The wholesale prices on these pages are for the Wednesday preceding the first Monday of the month as prepared by the markets information service of the Department of Agriculture. The retail prices given are those of independent merchants for the first Monday of the month as prepared by the prices branch of the Dominion Bureau of Statistics.

I should like to make two observations as to the use of the data in this table 2. The first is that these averages are obtained by taking all the prices for the various grades and varieties of cabbage, let us say, in the wholesale or retail market on a given day, adding them together and dividing by the number of prices. Since no account is taken of the volume of each grade and variety of produce being sold, the average price may be somewhat higher or lower than the price of the goods most readily available on the market. Furthermore,

the average price may rise or fall without the price of any grade or variety changing mostly because certain produce becomes available or ceases to be available in the market. Generally this does not invalidate the usefulness of these averages to indicate price trends. The one place, however, where their literal acceptance can often lead to serious error is in comparing wholesale and retail prices and assuming that the spread between them represents the real situation in the market.

Secondly, the retail prices are the average of prices being charged by independent merchants. It was felt that any attempt to get an average of chain and independent store prices would not be satisfactory since the relative importance of each as retail outlets in each city is not known.

Table 3, pages 10 to 14 of the exhibit, gives the midweek wholesale price range for one grade and variety of certain produce for each city during the period November 5 to April 21, 1948. You will probably find this table a very useful point of reference for questioning witnesses from the wholesale trade both on the behaviour of wholesale prices and with reference to their own operations.

One factor that must be taken into account in the rise of prices since last fall is the cost of storage and spoilage of fresh fruit and vegetables while being held for the market. To provide a standard for evaluating this factor table 6, page 17, has been included in this exhibit to show the price increases permitted on various types of produce by the Wartime Prices and Trade Board to cover this cost as the season advanced.

I think I should also make a few remarks on several points which I think will serve as a useful background for this inquiry, since it will probably not become immediately apparent. The first is that as to the sources of supply of fresh fruit and vegetables, all the important types of vegetables used in the Canadian diet are grown in Canada and quite generally in all parts of Canada. Canada also grows a wide variety of fruit, the notable exceptions being citrus fruits such as oranges, lemons and grapefruit and tropical fruit such as bananas and pineapples.

In spite of this, most parts of Canada are not self-sufficient in any important fruits or vegetables. Certain parts of Canada are better suited to the growing of fruits and vegetables than others and have tended to specialize in these crops. The notable examples, and the only ones that are truly surplus production areas, are southwestern Ontario and the south central part of British Columbia.

Canada has also come to depend on the United States to provide fresh fruit and vegetables at the end of one crop year and in the first part of the next. In the face of rising prices the Wartime Prices and Trade Board saw fit to reimpose price control on certain produce. I now wish to place the pertinent prices board regulations in the record as follows. Mr. Chairman, I understand administrator's order A-2483 for citrus fruits has already been printed as an appendix at page 335. Therefore there is no question of reprinting it again, but there is an errata notice to this order which I think should be printed as an appendix also. Am I to understand that these orders I am going to file will be printed as appendices?

The CHAIRMAN: Yes.

Mr. MONET: I have just referred to certain orders, the first of which is an errata for administrator's order A-2483. The following is a list of the order numbers to which I shall refer: A-2492; A-2496—these orders all deal with the maximum price of citrus fruits. Then, there is the administator's orders A-2488 and A-2489, which deal with the maximum price on carrots. Order No. A-2470 deals with the price of cabbage. Administrator's order No. A-2489 permit variation of maximum mark-ups for certain sales at wholesale and retail of imported carrots and cabbage.

Mr. THATCHER: Are these orders the ones which put back ceilings on these particular commodities?

Mr. MONET: That is right.

Mr. THATCHER: I should like to know the dates when ceilings were first removed and then the dates on which ceilings were put back. Were they all put back at once?

Mr. MONET: No, they were on different dates, Mr. Thatcher.

Mr. THATCHER: Could you give me the dates later, if it is inconvenient to do so now?

Mr. MONET: I think they are right here. I can give you the dates on which ceilings were re-imposed. Order No. A-2483 is dated February 19.

Mr. THATCHER: What is that?

Mr. MONET: Administrator's order on citrus fruits, February 19, 1948. There was the errata which I have just filed to this order A-2483, which is dated February 20. Then order No. A-2492 is also on citrus fruits and it is dated March 22, 1948.

Mr. THATCHER: What did that order do, change the amount of the ceiling or something?

Mr. MONET: It provided, further, that the maximum price at which any wholesale distributor may sell any oranges shall not exceed the ceiling.

Then, there was also order No. A-2496, on citrus fruit dated April 2, 1948. This takes care of all the administrator's orders and amendments concerning citrus fruits.

The next one of which I have spoken is A-2488 and A-2489, dealing with the maximum price of carrots. Order No. A-2488 is dated March 5, 1948 and order No. A-2489 is dated March 15, 1948. Administrator's order A-2470 dealing with cabbage prices is dated February 2, 1948. Administrator's order No. A-2489, permitting a variation of the maximum mark-up for certain sales at wholesale and retail of imported carrots and cabbage is dated March 15, 1948.

Mr. PINARD: There is one order bearing that number already and now you are citing another one with the same number.

Mr. MONET: That is true; this one bears the same number. This one is concerned with both cabbage and carrots, wholesale and retail.

The last one gives notice on April 20, 1948 to certain quota permit holders that the import of new potatoes will be excluded between the dates of April 22 and June 7, 1948.

Mr. THATCHER: Was there any ceiling imposed on onions?

Mr. MONET: No.

Mr. THATCHER: There is no ceiling on onions?

Mr. MONET: No.

Mr. THATCHER: Is there any ceiling on apples or other fruits?

Mr. MONET: No.

Mr. TATCHER: It is only on citrus fruits, carrots, cabbage and new potatoes?

Mr. MONET: Right. I may say that until the publication of this notice to which I have just referred, the importation of potatoes was permitted under a quota. On the other hand, the importation of carrots, cabbage and so on was formerlly prohibited until The Wartime Prices and Trade Board orders were implemented. Now, carrots and cabbages can come in. One of the important factors affecting prices is the supply of goods. In the case of fresh fruits and vegetables it will be seen from table 5 on page 16, that only in potatoes was the domestic commercial production in the 1947-1948 crop

year up to that of the year before. Imports are expected to be down markedly in apples and the fine vegetables in this crop year. Exports were also down, except in carrots and onions.

The net result is that the available domestic supply is noticeably lower in the 1947-1948 crop year thant that of a year ago in apples, cabbage, carrots, onions and celery and on about the same level as a year ago in potatoes only. Although the amount that is expected to be lost as waste will also be down, the gains in this direction will only be significant in regard to apples.

It can, therefore, be said that only potatoes and apples are in as good supply in 1947-1948 as in 1946-1947. The price of these two products have been less subject to upward movements that the other important domestic crops being considered in this inquiry. Additional details on imports and exports will be found in tables 7 and 8, pages 18, 19 and 20 of the exhibit.

Some indication of the exhausting of stocks of fruit and vegetables during the past winter can be obtained from table 9, page 21. In October, 1947 the stocks of carrots and celery in common and cold storage were higher than a year earlier; the stocks of potatoes, cabbage and onions on about the same level, and only the stock of apples was down. In April of this year, the stocks of all these products in common and cold storage were lower than a year ago, except in apples.

Direction of investigation:

I have already indicated what fruits and vegetables it is proposed to investigate. I should now like to indicate how it is proposed to carry on the investigation. If you will once more look at table 1 of the exhibit, and more particularly at the last two columns of the table, you will note that they give the spread between the average wholsale and the average retail prices for a number of fruits and vegetables in October 1947 and April 1948.

I have already warned you that such a comparison should not be accepted as reflecting accurately the wholesale to retail price spreads that do, in fact, exist in the market. In a general way, however, such comparisons can indicate trends. The trend which seems to be indicated here is that over the seven cities taken as a group and for the six products for which information is available, there does not seem to have been an increase in the mark-up being taken by retailers. I do not wish you to infer from that that individual retailers may not have taken advantage of the situation, but it would not appear that the practice was widespred. The last two columns suggest that the retailers' mark-up has not increased in bananas, oranges, potatoes, carrots and cabbage. An increased mark-up in onions in indicated but if the mark-ups charged in October and April are expressed as a percentage of selling price the mark-up is noticeably smaller now than it was last fall.

Under the circumstances, and because your secretariat has not found other evidence indicating undue mark-up at the retail level, it is not proposed at this time to conduct an intensive inquiry into the behaviour of prices at the retail level. At least one witness from the retail trade will, however, be called.

The emphasis in this inquiry will be concentrated on the behaviour of prices at the wholesale level, and to this end trade witnesses will be called from Toronto, Montreal, Winnipeg, Vancouver and maybe the Maritimes. From the examination of trade witnesses it is hoped to establish, first, the factors which have contributed to rising prices of certain fresh fruits and vegetables; secondly, to what extent the wholesale trade may have benefited from these rising prices and whether operators in the wholesale trade took undue advantage of the situation; thirdly, to what extent rising prices accrued to the in a general way from the amount of produce being handled by the wholesale benefit of producers of fresh fruits and vegetables. This could be ascertained

trade on a commission basis and the cost to the wholesaler of produce he has purchased outright.

Analysis of the behaviour of wholesale and retail prices given in tables 2 and 3 of the exhibit indicates that prices have been subject to more marked fluctuations and particularly to an upward movement in Toronto and Montreal than in the other cities of Canada. For this reason, it is proposed to give much greater attention to the behaviour of prices in these two markets than in the other markets, and most of the trade witnesses who will be called will be operators in one or the other of these two markets.

The Toronto and Montreal fruit and vegetable markets are quite highly organized along specialized lines. The marketing of fruits and vegetables elsewhere in Canada resembles more the marketing of other staple lines of food stuff. To a considerable degree the wholesaler is the important connecting link between the producer and the retailer, and commission merchants, jobbers and brokers are relatively unimportant.

The order in which it is presently proposed to call witnesses is as follows:

First, Mr. Robinson from Toronto, who will explain the organization of the Toronto and local Ontario markets and who will also give evidence on the degree to which the producer may have benefited from the recent rise in prices.

At this stage, Mr. Chairman, I wish to point out very clearly that Mr. Robinson is here at my request. After carrying on an investigation in the office of the secretariat, it was felt Mr. Robinson was the proper witness to give the members of the committee the general background of the fruit and vegetable industry in Canada, and more particularly for Ontario.

The CHAIRMAN: Mr. Robinson is secretary-treasurer of the Fruit and Vegetable Growers' Association.

Mr. MONET: Yes, and also because he is secretary of the Fruit and Vegetable Growers' Association, he can give the members of the committee the viewpoint of the producers and inform the committee the viewpoint of the producers and inform the committee as to the degree the producers may have benefited from the rising prices. I wish to make it very clear because of something which has been brought to my attention, that Mr. Robinson is here at my request and for no other reason.

A number of representatives of firms operating on the Toronto Wholesale Market will also be called. Particular attention will be paid, during this part of the inquiry, to operations in oranges and celery.

In so far as Montreal is concerned, the same procedure will be followed as in the Toronto part of the inquiry, with special investigation being made into the price of bananas in Montreal.

Winnipeg—a representative of one of the largest wholesale firms operating in the prairie provinces will be called.

Vancouver and the maritimes—the same procedure will be followed as in the case of Winnipeg. We will, of course, follow up any other line of investigation which may be revealed during the course of the present inquiry.

The CHAIRMAN: I believe your approach is one which will save a lot of inquiry and time on the part of the committee.

Mr. MONET: It was for this reason I gave this statement at the opening.

The CHAIRMAN: We do not want to overlook anything, but there is no use spending time on things which do not help.

Mr. MONET: It was for this reason I gave this statement. If the members of the committee have a few minutes free time and will look at this exhibit which has been filed, I think they will find all the necessary information to assist them in the questioning of witnesses. It will give the committee all the information it is possible to obtain on this fruit and vegetable industry.

Mr. HARKNESS: Are there any material differences between the prices of these various fruits and vegetables in Toronto, Montreal and Ottawa, or did you look into the Ottawa prices at all?

Mr. MONET: Well, we have taken in the main the cities only which I mentioned, because if we try to take in every city and town well, there just would be no end to it.

Mr. HARKNESS: The reason I asked that question was because I see particularly your price on onions, and I know from a purchase I made, the only purchase I made in this line as a matter of fact was over the week-end and I was charged 19 cents a pound, which is almost twice your 10 cents in your chart, the ordinary cooking onion. I was told by my wife to pay 10 cents but I found I could not buy one onion for that.

Mr. MONET: This happened to be while I was carrying on the investigation into bananas in Montreal where in a certain store bananas were selling as high as 22 cents in Montreal, while the average was much lower than that. We have concentrated on the larger cities.

Mr. HARKNESS: I was wondering whether you had looked into it at all, whether there was any marked difference between the price here and in other cities.

Mr. MONET: I would not think the difference would be much.

Mr. HARKNESS: Well, then, apparently I was gyped.

Mr. MONET: I would think so.

The CHAIRMAN: Let us proceed.

Mr. MONET: The first witness is Mr. Robinson.

M. M. Robinson, Secretary-Treasurer, Ontario Fruit & Vegetable Growers' Association, called and sworn:

By Mr. Monet:

Mr. Robinson, would you give us your first name?—A. Melville M. Robinson.

Q. What is your address?—A. Burlington, Ontario.

Q. What is your main occupation?—A. I am a farmer.

Q. You have your own farm?—A. That is right.

Q. Beside that I understand you are Secretary-Treasurer of the Ontario Fruit & Vegetable Growers' Association?—A. I am.

Q. Now, Mr. Robinson, you have prepared a brief which you handed to me a few hours ago. I would like you now to read this brief to the members of the committee. There are copies available and they will be handed out to members of the committee. Would you proceed, please.—A. Yes.

To the chairman and members of the parliamentary prices committee:

Gentlemen:— In presenting this brief on behalf of the Ontario Fruit & Vegetable Growers' Association it is essential to state that I am here upon invitation of officials of the Prices Committee.

In this presentation attention will be paid mainly to the Ontario aspect of the subject with some general remarks from a national standpoint.

The committee is concerned with the question of prices of fruits and vegetables particularly since November 17, 1947. To arrive at a true estimate of the fluctuations in these prices a study of the background

and of the relationship of the dominion government's restrictive program to the picture is vital. For that reason I propose to review in some detail the events of the past six months.

Without hesitation I make the charge that much of the furore over the prices of fruits and vegetables has been inspired mainly by members of the wholesale trade and to a limited extent by some retailers. The fruit and vegetable industry has been subjected to much unfavourable publicity as the result of a deliberate campaign to pressure government into a relaxation of restrictions not for the purpose of providing a more varied diet for the people of this country but that traders would have volume and with it the opportunity for greater profits.

This aspect of the situation must be cleary understood as it is vital to the study just as it is the most aggravating feature to fruit and vegetable producers of Canada.

Frankly, Ontario fruit and vegetable producers welcomed the restrictive program. The dealers—wholesale and retail—did not. For years there has been a continual struggle between producers and traders over the matter of imported produce. Parliament has repeatedly recognized the merit of the claim that Canadian fruit and vegetable growers are entitled to the domestic market in season. This is demonstrated in the measures adopted to restrict imports at certain seasons of the year. The various trade treaties recognize the value of some degree of protection just as they make available the Canadian market to products not produced in Canada and, in given periods, to products not produced in Canada in these periods. The result has been a rapidy expanding fruit and vegetable industry with the province of Ontario as the chief producing area although Ontario's supremacy in some fruits is being seriously challenged by British Columbia. Quebec, too, has expanded production and is capable of even greater expansion. Nova Scotia, with apples especially; Prince Edward Island with potatoes and turnips; New Brunswick with potatoes and now apples; are also concerned as are the Maritime Provinces and Manitoba from the standpoint of late vegetables with signs of development of an industry in some sections of the prairies. The more extensive the production the more keenly aware the producers in the various areas become of the implications of competition with imported produce.

Prior to the war the seasonal clashes between Canadian produce and imported fruits and vegetables created a lot of difficulty and paved the way for the ill-will that developed between the producers and dealers. During the war, with employment and earning power at an all-time high and with government purchasing heavily for the armed services, the clashes were not so costly although they did, at times, present problems. By 1946 the importations, especially from the United States, reached an all-time high with a shipping point value of $96,000,000. I might say, gentlemen, that in the same period our exports of fruits and vegetables totalled 17,076,000 pounds.

Mr. Irvine: Does that include all kinds of fruits and vegetables?

The Witness: Yes.

From a trading standpoint this was a bonanza never before experienced and resulted in trade generally becoming unduly obsessed with the import deal to the detriment of the distribution of domestic produce. Much of this expansion in imports was due to the advertising retailers, especially the food chains who, with their dependence upon volume and their desire to maintain that volume year round, made the public unduly conscious of out-of-season produce. The wholesalers simply rode along on the sales

momentum created by the advertising retailers plus the sales promotion efforts of large U.S.A. producing and shipping groups.

The obsession of the trade with the imported deal boded ill for the Canadian fruit and vegetable industry for, in most cases, the handling of domestic fruits and vegetables became secondary and it was evident that, as soon as price control was removed, trouble would ensue. Unfortunately, in some ways, for Canadian producers, the distribution of our produce is almost entirely in the hands of these men who are so immersed in importation of fresh fruits and vegetables.

During the war years, as a direct result of price control, trading was very profitable, in my opinion much more profitable than in an absolutely free market. Price control, with its many regulations, while obnoxious to some, did have the effect of maintaining more orderly marketing than had ever prevailed. This order in marketing more than compensated for the loss of opportunities for occasional high profits which would have prevailed in an absolutely free and open market.

With the lifting of controls early in 1947 and with memories of the rich trading of 1946 the trade looked forward with confidence to unusual profits in the free market and expected those long profits to develop in the import deal which can be, and often is, highly speculative with opportunities for very handsome profits especially if the dealers are smart enough to guess weather conditions as the season for each domestic product opens. On the other hand, if the guess is wrong, sharp losses are the result with these losses, unfortunately, extending to the domestic producers caught in the resultant clash.

The year 1947 was full of these clashes. The trade generally displayed extreme reluctance to drop the import deal and all last summer there was continual repetition of costly clashes to the general disturbance of the market and to the detriment of Canadian producers.

Time after time in the past summer our growing monetary troubles were aggravated by senseless importation of U.S.A. fruits and vegetables when our own crops were in full production. More than one load of imported produce found its way to the dump, especially in Montreal. Repeatedly, we protested vigorously, to the trade and to government, of this reluctance on the part of some dealers to pass up imports especially as it was causing sharp losses to our growers and was a needless expenditure of scarce U.S.A. dollars. But the trade persisted and thus was a contributing factor to the situation that developed in November.

By the Chairman:

Q. What do you mean, were they actually destroyed?—A. That is right.

Q. What kind of vegetables were they?—A. Well, the last vegetable of which I know was tomatoes.

Q. Actually destroyed?—A. Absolutely.

Q. Any large quantities?—A. In this particular deal to which I refer it was 700 crates.

Q. 700 crates?

Mr. THATCHER: Can you place that as evidence before the committee?

The WITNESS: Yes.

The CHAIRMAN: Are you coming to this particular instance later on?

The WITNESS: Yes, I am.

The CHAIRMAN: All right.

The WITNESS: The losses to our growers, especially the producers of cabbage, tomatoes and peaches, were extremely heavy as the result of the persistence with which these traders clung to the imported deal in June, July and August.

In spite of all this, the trade was still unduly obsessed with the possibilities of the import deal even though there was a marked reduction in volume as the import figures show. This reduction in sales was general all over North America but many wholesalers were oblivious to it, failing to grasp the significance and failing to adjust their operations accordingly. The figures for the first 11 months of the year compared with the same 11 months in 1947 tell the tale:

That is just to verify, Mr. Chairman, that our association has never particularly opposed the importation of fresh fruits and vegetables, but we as producers have always maintained that we want our market for our own produce.

Mr. MacGregor: What time did this instance of which you have spoken occur?

The Witness: It was the Friday or Saturday before a civic holiday.

Mr. Pinard: Can you tell us what the reason, the cause of that was?

The Witness: The Montreal market was overloaded with heavy importations of tomatoes on the Montreal market at that time, and our crop was also coming on and there were steady arrivals of huge quantities of our produce and it became a matter of serious concern for the dealers and these tomatoes deteriorated to a point where they had to be destroyed.

Mr. MacGregor: You mean, they were shipped in from the United States just at a time when ours were coming on to the market?

The Witness: Let me explain that. I was going to do that later.

The Chairman: Perhaps I am the one who opened the subject at this time. Would you mind doing it at a later stage so as not to interrupt the submission of the brief?

Mr. Irvine: We will probably have to come back to it anyway.

The Chairman: But I will recognize you first, Mr. MacGregor, at that time.

COMPARISON—IMPORTS

Fruits and Vegetables

Eleven months ended Nov. 1946–1947

Product		November 1947		11 Months, Nov. 1947		11 Months, Nov. 1946	
		Quantity	$	Quantity	$	Quantity	$
Apples	lb.	....	....	19,191,281	912,405	10,677,976	398,973
Apricots Quince	lb.	7,861	377	[illegible]	[illegible]	[illegible]	461,006
Bananas	stem	191,648	857,489	[illegible]	15,297,486	[illegible]	18,811,245
Cherries	lb.			[illegible]	[illegible]	[illegible]	[illegible]
Cranberries	lb.	583,588	137,558	[illegible]	[illegible]	[illegible]	[illegible]
Grapefruit	lb.	9,426,155	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grapes	lb.	10,456,655	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lemons	box	30,837	160,594	[illegible]	2,407,629	484,872	[illegible]
Limes	box	116	225	[illegible]	25,641	12,720	[illegible]
Muskmelons canteloupes	lb.	36,405	[illegible]	[illegible]	703,204	15,761,544	[illegible]
Melons, n.o.p.	no.			1,359,386	557,434	1,539,929	[illegible]
Oranges	cu. ft.	585,360	846,356	9,584,985	15,124,014	10,195,176	[illegible]
Peaches	lb.	48,375	1,792	29,535,769	1,324,204	22,089,950	[illegible]
Pears	lb.	2,406,090	[illegible]	21,137,556	1,341,377	18,945,483	[illegible]
Pineapples	crate	1,535	9,254	256,160	998,558	257,544	[illegible]
Plums or Prunes	lb.			13,340,110	1,084,907	14,019,361	[illegible]
Berries, n.o.p.	lb.	600	147	25,877	3,634	56,659	11,781
Strawberries	lb.			4,185,678	787,319	1,321,409	334,561
Fruits, n.o.p.			[illegible]	....	31,340	....	[illegible]
			2,949,603		48,825,837		63,815,889
Asparagus	lb.	....	....	5,287,207	483,026	1,501,924	194,252
Beans, Gr.	lb.	358,245	37,576	4,883,076	421,884	4,831,202	507,538
Beets	lb.	....	....	3,540,641	144,075	6,232,026	161,098
Cabbage	lb.	1,000	50	34,480,672	952,522	43,111,535	1,158,973
Carrots	lb.	82,312	3,912	49,715,536	1,298,145	52,586,729	1,572,939
Cauliflower	lb.	380,338	14,043	10,375,570	359,459	9,967,196	393,898
Celery	lb.	303,848	18,507	32,768,466	2,311,832	40,424,063	1,992,133
Cucumbers	lb.	142,948	16,288	4,382,572	320,028	5,258,630	350,156
Lettuce	lb.	6,030,710	245,402	59,618,258	2,601,712	59,397,857	2,337,183
Onions	lb.	145,119	9,969	24,851,999	763,565	27,202,294	847,678
Peas, Gr.	lb.	29,926	3,337	2,389,240	186,587	2,895,169	225,715
Potatoes, sweet	cwt.	12,363	62,493	90,348	485,780	87,232	518,983
Potatoes, not seed	cwt.	209	745	385,909	1,182,910	3,254,903	6,827,578
Spinach	lb.	95,497	7,791	4,867,096	297,481	6,258,900	322,015
Tomatoes	lb.	4,104,588	411,118	78,735,879	7,178,616	82,545,525	6,275,465
Vegetables, n.o.p.		628,711	37,898	9,783,986	738,457	10,694,034	767,313
			869,129		18,836,079		24,452,828

I don't propose, Mr. Chairman, to read the chart but I would like to point out two things which I think significant in it. Our total imports for the eleven months ending November, 1946, fruit imports, amounted to $63,815,889, as compared to $48,825,837, for the same period in 1947. They were down by something like $14,990,000. Of that amount $18,811,000, in 1946 and $15,297,486, in 1947, is made up of bananas, oranges and grape fruit. However, that does not tell the true story because there was a decided drop in the price of oranges although the tonnage was down very little in Montreal in 1946, it being 10,895,000 cubic feet in 1946, as against 9,885,000 cubic feet in 1947; although the price itself, the gross price of the imported article was down considerably. The three items accounted for that reduction. Oranges were down to $8,873,000, most of that due to the decline in the price of oranges. In vegetables we imported $24,452,000 and that was down $5,516,000 to $18,836,000 for the same eleven months in 1947. That reduction of $5,616,000 was due to the decline in importation in potatoes alone. We imported potatoes

to the tune of $5,644,000 in 1946 largely due to the fact that we did not have potatoes ourselves.

By Mr. Thatcher:

Q. Do we export potatoes at the same time—from some parts of Canada?—A. Yes, one of our biggest export items is potatoes. That is a very heavy deal.

Q. We would export more than we import?—A. Yes, over the long-run, but I have the figures here.

Mr. LESAGE: We have those figures on the Dominion Bureau of Statistics chart.

Mr. MONET: Yes, at page 20, and the exports appear at pages 18 and 19.

The WITNESS: Our potato deal to the United States is very important.

> All this had a bearing on subsequent developments. For instance, the weakness of the market for domestic vegetables in the winter 1946-47 had a direct bearing on the production of the same kind of produce in the fall of 1947. The weak market of the winter of 1946-47 for domestic produce was almost entirely due to the heavy importations of U.S.A. vegetables in that period. For this the public paid a heavy penalty in the past winter from the standpoint of both supply and prices as will be developed later.
>
> Understanding the manner with which the dealers were immersed in the import deal it is easy to see the consternation that existed on the morning of November 18, 1947. The trade, to a man, could see only stark ruin ahead. The result was one of the most misguided campaigns in the history of the fruit and vegetable industry.

I say that advisedly. There was complete consternation within the ranks of the trade and I say, in all fairness, that it was due largely to the fact that the trade was afraid of the unknown. The trade could not visualize profitable trading with the loss of this huge amount of imported produce.

> The trade couldn't accept the new order as laid down in the announcements of November 17. Some dealers broke into the press with predications of mounting prices for domestic products. This started a ten-day buying spree and was an open invitation to the growers to advance prices which they did. From that day to this the pressure applied by the trade for the relaxation of restrictions has been constant culminating in the past month in an appeal to Washington as the following extracts from *The Packer,* an American trade publication, indicate:

I do not propose, unless it is desired, to read these extracts but I would like them on the record.

Mr. MONET: I think the witness should read the extracts, they are part of his brief. I think the members of the committee should hear them.

The Witness:

> Washington, D.C., April 9.
>
> Since Canada placed import restrictions on fresh fruits and vegetables and many other commodities last November, the United Fresh Fruit & Vegetable Association has been working for relief under the order, according to Executive Vice-President C. W. Kitchen. "We have kept in close touch with the U.S. Department of Agriculture," Mr. Kitchen said, "and have urged the State Department to stress the seriousness of this situation in its representations to the Canadian Government.
>
> "At the same time, representatives of the fresh fruit and vegetable trade in Canada have been at work constantly with Dominion officials

in an effort to ease the embargo, which has left their markets all but bare of many essential commodities. Last week, Austin F. Anson, of the Texas Citrus & Vegetable Growers & Shippers, and L. F. Burrows, secretary of the Canadian Fruit Wholesalers' Association, were in Washington for conferences with State Department and USDA officials.

"Additional representations by the United States Government are now under consideration by officials in Ottawa, although there is as yet no indication as to which way the Canadian Government will move in the matter.

"While it is expected that the Canadian dollar situation will improve when the Marshall Plan (ERP) gets into operation," Mr. Kitchen added, "it may take some time to work out necessary details of the arrangement between the two Governments. Meanwhile, the Canadian volume is so important to our industry as to suggest that local associations and individual shippers might well communicate with the State Department here, setting forth the importance of this business in terms of carlots or dollars being lost to their areas under the present situation."

The United executive pointed out that during April, May, June and July, 1947, Canadian dollar imports of a few non-quota U.S. commodities were as follows:

Tomatoes $2,462,419; celery, $1,342,552; lettuce, $1,139,352; carrots, $912,269; cabbage, $739,446; onions, $523,969; asparagus, $456,617.

In addition to the above, which represented a total of $7,576,524 during the four months last year, citrus fruits, apples and potatoes, together amounting to considerably more than ten million dollars, were shipped into Canada on a quota basis and are still admitted under that program.

"The previous year, 1946, showed Canadian imports of four most important fresh fruits and vegetables running close to 80 million dollars," Mr. Kitchen said, "an important 'balance wheel' in the perishable food economies of both countries.

I might say the figure of 96 million dollars is the over-all importation.

We are interested, of course, Mr. Kitchen concluded, in the commercial aspects of this situation, both as to production in the United States and marketing economy in Canada, but the health factor to Canadians themselves is no less important. We have stressed this point in our representations to Dominion officials by way of various U.S. agencies and are confident that it will be weighed carefully in whatever decision the Canadian government reaches.

In the same issue of *The Packer* appeared the following advertisement:

HEY CANADA!

Speaking of Iron Curtains!

Say, we can talk frankly, can't we, over what used to be a free trading border? ? ?

Growers and shippers of America's vast fresh fruit and vegetable crops have been badly hurt by the ban imposed by your government. Perhaps all the facts have been brought to your attention, and then again, perhaps not.

During the war when all the cities in the United States were clamoring for every box, every crate, every sack of American perishables, growers and shippers in the U.S. gave the Canadian people a healthy share.

During the war your Canadian importers and brokers literally knocked themselves out in their effort to secure health-giving fresh fruit and vegetables for the Canadian people.

They're still health-giving, aren't they?

We sympathize with your exchange problem and above all, are not trying to tell Ottawa its business, but it seems to us that your ban is misdirected and is, indeed, a poor reward for a great team of growers, shippers, brokers and importers who have in the past done their job for the Canadian people.

There isn't a producing area in the United States which isn't acutely suffering through loss of the Canadian market—to which it seems they should have access due to past performance well done.

The great co-operation between our countries has often made us wonder whether you were our 49th state, or we your 10th province. Now, we just wonder.

American agriculture appeals to the Caneadian Goverment to eliminate this unfair iron curtain so that the Canadian people may have the fresh fruits and vegetables to which they are entitled.

PALMER C. MENDELSON CO.
San Francisco.

I submit this and include it in the record because I think you gentlemen should have a full appreciation of the extent to which this pressure campaign has been carried on. This is only part of it and I could supply lots more information but this to my mind is a good example.

In commenting on this advertisement may I ask when we ever had a free-trading border, at least so far as Canadian products are concerned.

In the same issue of *The Packer* appeared the following editorial:

Trade with Canada

Palmer Mendelson of San Francisco, alert as always to anything that may help fresh fruit and produce industry, is this week printing an editorial in his advertising space in *The Packer* relative to the Canadian ban of last november on imports of certain fresh produce from the United States.

Mr. Mendelson points out that during the war, the United States was liberal in dividing with Canadian consumers our supply of fresh fruits and vegetables, all of which are important in a health diet. As a matter of fact, probably the consumers in Canada want these supplies now just as badly as they did during the war, and it is certain that they are as valuable in diet now as then.

The industry hopes that Canada may be able to work out its "dollar" position so that these imports may be resumed by the Dominion.

The gem of announcement, however, is to be found in a recent release of the Canadian Fruit Wholesalers' Association which says:

The press release put out by this office on March 24 was carried by most papers throughout the Dominion and in a large number of centers the local papers contacted wholesalers for additional information respecting the local situation. This resulted in considerable publicity. It appears advisable that you keep your local paper closely informed of existing conditions.

Our growers bitterly resent certain features of this pressure campaign especially the phase of it that called for repeated emphasis of the higher prices obtained during the winter months for those domestic vegetables that were available. On the other hand, the campaign of the Canadian Fruit Wholesalers' Association does prove the value these traders put on the import deal. One can take with a grain of salt their concern over

public welfare. There is no doubt as to their real concern—it is one of profits and profits only irrespective of national problems and government policy.

Whether or not we all agreed with the methods used to conserve exchange we do agree with the dire necessity for the restrictions. I doubt if any section of Canadian industry has caused more trouble in the administration of restrictions than the Canadian wholesale fruit trade. The furore that resulted in the establishment of the Parliamentary Prices Committee was the direct result of the activities of certain fruit and vegetable dealers. They started the fuss and it was not long before there was a public clamour over the prices of foodstuffs generally. Unfortunately, there was little disposition on the part of many to study the causes. It was just as unfortunate that foodstuffs were singled out for the inflationary trends of the past year have not been limited to food alone.

We do not quarrel with search for profits but we do quarrel with some of the hypocrisy that is to be found in the campaign.

Let us look at the vegetable picture and the manner in which the market reacted after November 17. There is little need to consider fruit. Citrus imports were continued. Outside of apples there was no domestic fruit available and apples have been in trouble all winter; in fact all four apple producing provinces—Ontario, British Columbia, Nova Scotia and Quebec—have had to press and press hard to sell apples and maintain existing price levels. There has been no advance in the price of apples. For the first time in years our Association has had to spend money to promote the sale of apples. We spent a total of $6,000 of our limited funds on this job alone in March.

So it is with vegetables that we are concerned.

When on November 17, the importation of vegetables, excepting onions and potatoes, were prohibited Ontario producers and dealers had available for the consuming public limited supplies of celery, cabbage and carrots, some beets, spinach, parsnips and ample supplies of turnips, onions and potatoes. These are essentially storage crops. The supply of some of these essential commodities was limited because of market experiences of the previous winter when cabbage, celery, carrots and other items were subjected to a heavy competition with imported products. The returns of the growers in the winter of 1946-47 were far from satisfactory and, as is inevitable, there was a reduction in acreage in 1947.

That had a very important part in what developed after November 17. There was a sharp reduction.

By Mr. Irvine:

Q. I suppose you have figures for that acreage?—A. No, there is no tabulation of that kind in the country.

This cut supply which was further reduced by rather unseasonable weather. I might say weather was another factor.

The supply of most of these vegetables was further controlled by the availability of storage space. Especially was this true of celery.

Our growers had little incentive to produce in 1947—I am talking again of the winter storage crop—

in view of their experiences of the previous winter and were very apprehensive as they viewed the repeated clashes between imported and domestic produce all summer.

Thus, in the main, the introduction of restrictions in November caught the producers on the short side.

Add to this the complete curtailment of similar imported items and the ingredients for a rising market were available. The market responded. Price increases were further accelerated by the publicity over the supply position.

One has only to consider the import figures for January, 1948, as compared with the same month in 1947 to get an exact picture of the situation.

This table shows a reduction roughly of less than $700,000 in the amount of fruits imported and a reduction of $1,200,000 in the vegetables imported.

COMPARISON IMPORTS

FRESH FRUITS AND VEGETABLES

One month ended Jan. 1947-1948

Products		One month ended Jan. 1948		One month ended Jan. 1947	
		Quantity	$	Quantity	$
Apples	lb.	....	....	46,640	1,003
Apricots		....	....	....	....
Bananas	stem	180,990	889,593	206,725	858,674
Cherries	lb.	....	....	1,022	281
Cranberries	lb.	....	....	5,250	1,277
Grapefruit	lb.	9,363,595	161,804	11,012,588	241,304
Grapes	lb.	1,095,695	89,590	3,026,754	363,769
Guavas		....	....	....	....
Lemons	box	35,920	133,889	53,315	250,202
Limes	box	150	344	115	208
Muskmelons	No.	....	....	....	....
Canteloupes		....	....	2,570	282
Melons, n.o.p.		....	....	....	....
Oranges	cu. ft.	771,783	1,072,350	859,789	1,189,754
Peaches	lb.	....	....	....	....
Pears	lb.	....	....	317,900	24,772
Pineapples	crate	....	....	14,775	69,185
Plums or Prunes	lb.	....	....	....	....
Berries, n.o.p.		....	....	....	....
Strawberries	lb.	....	....	14,765	4,748
Fruits, n.o.p.		....	....	....	2,338
			2,347,570		3,007,797
Asparagus	lb.	....	....	....	....
Beans	lb.	....	....	950,775	69,570
Beets	lb.	....	....	191,818	11,105
Cabbage	lb.	....	....	415,937	12,053
Carrots	lb.	....	....	118,380	4,167
Cauliflower	lb.	....	....	2,334,247	64,606
Celery	lb.	....	....	4,418,400	200,908
Cucumbers	lb.	....	....	15,450	2,647
Lettuce	lb.	....	....	8,130,767	306,998
Mushrooms	lb.	210	1,028	735	4,684
Onions	lb.	163,863	12,819	59,035	6,388
Peas	lb.	....	....	39,364	3,915
Potatoes, sweet	cwt.	10,027	60,040	14,279	89,238
Potatoes, not seed	cwt.	12	63	2,076	1,466
Spinach	lb.	....	....	725,557	41,808
Tomatoes	lb.	1,717,559	154,926	6,021,780	448,059
Vegetables, n.o.p.		3,350	274	1,898,078	141,656
			229,150		1,409,268

Thus curtailment of imports plus the reduction in domestic production paved the way for the sharp rises in prices that occurred because it must be remembered that everybody was operating on what is known as a free market.

The big question then is who got the money, if you like, the benefits from a set-up of this kind.

Well, it is my opinion that the growers—I am speaking from November 17 on, that is, on sales by growers after the 17th—

enjoyed their share of the benefits from the increases in prices of cabbage, carrots, beets, spinach, and parsnips; that the dealers were, in the main, the ones to profit on celery with benefits more or less equally distributed on turnips, onions and potatoes. True, in a fast-moving market, in which variety and volume were limited, traders handling the available supply did exceedingly well from the standpoint of profit per unit.

I might say in connection with that paragraph, which I think is one of the most important in the brief, that there was considerable buying of these vegetables in September and October by the trade, which is common practice. Naturally the trade enjoyed the full benefit of the price increases that followed November 17 on these commodities purchased in September and October. I would say that from the period say ten days after November 17 on that our growers, who by this time had become familiar with the condition, got their full share of the increased prices, with the exception of celery.

The embargo against imported vegetables further assisted the Ontario hothouse industry. Here the producers got most of the gain with dealers being restricted to their normal percentage profit although it must be understood that this percentage profit increased as the wholesale price advanced.

It is in order to point out that the combination of circumstances did not ease the task of administering the Restrictive Program. Circumstances decreed that it had to be introduced in the autumn when it was too late for the producers to change their production plans. Warned in time they could have provided enough vegetables to carry us through the entire winter and at reasonable prices. Further, there should be an appreciation of the fact that items in short supply put added pressure on the items in long supply and, therefore, clean up these latter items before normal marketing season is over.

In assessing the extent to which the Restrictive Program created higher prices and the nature of the profit-taking it must be understood that, in so far as Toronto wholesale market and domestic produce are concerned, it is largely a commission wholesale operation in which the producers consign their goods to chosen wholesalers. The duty of these wholesalers who are, in effect, trustees or agents, is to get the best possible prices for the consigned goods. The merit of the commission wholesaler is measured by the returns the growers receive. The commission merchants are keenly aware of this and naturally ride a rising market for all it is worth. They must if they are to recompense the growers for the number of times, over the long run, they are caught on a falling market. It was, therefore, amusing to some of us to watch some commission wholesalers riding the bull market, to the limit and at the same time joining in the public clamour about prices. They were in a difficult spot. They had to please the growers on one hand and they were part of the movement, on the other, to high pressure government into a relaxation of restrictions. And right here I venture the flat statement that, in spite of all the chatter of hard going because of loss of trading volume, the commission whole-

salers have had a profitable winter season. Volume is not always the true indication of trading success. Often, and I know in some instances this has been true this year, the higher trading margin on high-priced produce is more profitable than a low trading margin on a huge volume of low-priced produce. A ten per cent commission on cabbage at $5.00 a crate can be much more enjoyable than the same percentage taken on cabbage at $1.00 a crate. Certainly, some have found it so.

Few people are aware of the complex nature with its many ramifications of the distribution of the Ontario fruits and vegetables. It is entirely different to that of any other province, with Quebec coming closer to it than any other section of Canada.

Ontario produces all fruits and vegetables that can be grown in a temperate zone. The areas of production are widespread. The types of distributors are just as varied as the products themselves. The centre of distribution is Toronto. The price-setting market for Ontario is Toronto wholesale market. Toronto and Montreal set the prices for all Eastern Canada. The growers are very conscious of what goes on in these markets. Then, too, there are the local farmers' markets in the larger centres; wholesalers and distributors in Toronto and the other large centres who operate independently of Toronto wholesale market but augment supplies by purchases on that market. The nature of the wholesale operations varies widely. In addition to commission wholesalers there are jobber wholesalers, trucker jobbers, secondary dealers, truckers and others. To give some indication of the number involved it is pertinent to point out that over 900 fruit and vegetable truckers are licensed under the Ontario Licensing Act to buy and sell fruits and vegetables. Then there are the big service wholesale establishments such as the National Grocers Ltd., Gamble Robinson Ltd. and Canada Packers Ltd. who are grocery wholesalers or meat packers with very large and important fruit and vegetable departments. These firms maintain warehouses all over the province. Then, too, there are the wholesale or warehouse operations of the food chains and of the departmental stores often operating in competition, from a buying standpoint, with the wholesalers and just as often buying direct from the wholesaler. Some commisison wholesalers deal only in domestic produce. Some handle produce on consignment and also buy. Some commission wholesalers are heavy in the imported deal. Of course, little of the imported merchandise is handled on consignment. Then, too, we have dealers who pass up the domestic deal entirely and others who handle imported goods for six months and switch to the domestic deal for the other six months. Add to this the large number of shippers at country points, some of them individual operators, and others acting for grower groups, co-operative and otherwise, and you have a tremendous machine that imposes upon the producers a highly diversified system of distribution with its resultant toll and playing an important part not only in the industry but in the ultimate cost of distribution. To watch and check the huge conglomeration and to keep track of the trading as between the groups and the individuals is not easy. No other province has such an array of merchants with such a variety of operations.

Our Association is strong for the commission wholesale phase of the operation. We believe that a sound, well-run commission house performs the most useful function. We don't enthuse over the operator who deals only in imported produce. His viewpoint is never ours.

Some merchants accept responsibility for orderly marketing which involves planned distribution. Some are straight speculators or opportunists swinging to the products that seem to offer from day to day the longest profits. They perform, in our estimation, no useful function as the essential of sound trading is continuity of supply and a long-range program. The commission and service wholesalers endeavour to embody these two requirements as do the food chains in their warehouse operations but the opportunist accepts no responsibility except the one of the constant search for the items that will offer him personally the best chance for long profits. Generally speaking, it is this type of operator who causes most of the complications in the imported deal.

Produce arrives at Toronto market by train, by truck, by boat and is distributed by truck and train. It is sold to Toronto merchants, it is re-distributed to Ontario towns by truck and train; it is assembled and shipped to other provinces. The job is done under the most obsolete of conditions. Warehouses are inadequate, cold storage facilities almost non-existent, over-crowding the order of the day. Because the market has changed but little since the horse and buggy days the costs of distribution are unusually high while the distributive process is slow and unwieldy. Somebody pays for all this. The grower thinks he pays. The consumer, not aware of what goes on, has little thought on the subject but would be equally assertive if all the facts were known. Fortunately, relief is in sight as a modern food treminal is being built on the outskirts of Toronto under the leadership of the Ontario Department of Agriculture and in response to the demands of the producers.

Any consideration of the costs of distribution always forces attention to the railway companies with the conclusion that the railways have been guilty of neglecting a big industry. Facilities for icing cars, for pre-cooling, for assembly of carloads, for all the other mechanics of the job are antiquated. Service from some of the chief producing areas is slow witness five days for a freight car loaded with vegetables to reach Montreal from Bradford. Then there is the necessity of trucking produce from the very early and very productive Leamington district a matter of thirty miles to railhead although the various towns—Kingsville, Harrow, Leamington, Blenheim and others are all on the rail; rail that is used as a short cut for the transportation of U.S.A. goods in U.S.A. cars across Southern Ontario on a railway line established for that particular purpose although the charter calls for a local service that has never been given.

A Montreal dealer places an order on Monday afternoon with a Bradford shipper for a car of lettuce. Bradford is 30 miles north of Toronto. The shipper orders an iced car out of Toronto. It is placed on the Bradford siding sometime Tuesday evening. The car is loaded Wednesday and hauled to the Mimico railway yards, west of Toronto, Wednesday night for re-icing. It then leaves Mimico for Montreal sometimes Thursday and, with luck, arrives in Montreal, Saturday morning. Often it does not arrive until Saturday afternoon and is, therefore, not opened until the following Monday. Even if it arrives in Montreal on Saturday morning it gets little market attention until Monday, Saturday having become the poor marketing day of the week. Thus 7 days have passed from placing of order until arrival of produce. No wonder the Bradford shipper is often told by the trader in Montreal

that he is "just as far away as California." One group, to overcome this costly time lag, is now building an ice plant in Bradford but even so the movement will only be speeded up one day unless the railway company is prepared to give as much consideration to the transportation of Ontario produce as it does to the movement of cars of U.S.A. produce.

These things are mentioned because they are all factors in the establishments of costs. The story of transportation of fruits and vegetables in Eastern Canada is not pleasant. The rails slumbered while the trucks established themselves. Delays in Montreal and slow service to the Maritimes all contribute. Some of the complaints against the quality of Ontario produce are justified but some of the causes are to be found in the manner in which the produce is handled. The railways are not free of responsibility.

Fruit and vegetable distribution is or should be a fast-moving operation. Dealing in perishables with supply, because of weather and other factors, very uneven in volume, price fluctuation are sharp and often violent. The market is unusually sensitive and is subject to all kinds of pressure. The uncertainties that develop and the wide range in prices when the free market is operating, without checkreins of any kind, create difficulties. To the uninitiated the processes appear simple when as a matter of fact they are complex and confused. On the whole the producers have little control over prices and just as little control over distribution. Efforts to overcome this handicap have been made with the most useful step being taken in the creation of the Ontario Farm Products Marketing Act. This form of compulsory marketing legislation has been a boon to the producers. It has taken some of the disorder out of marketing, given the growers some bargaining power and relieved the downward pressure on prices that can be so disastrous when strong individuals or formidable groups seek to depress prices. But, as yet, the Act is not used to any great extent to control the "fresh fruit market", the growers having confined their attention to developing control of sales to processors. At the moment, tomatoes, corn, peas, asparagus, peaches, strawberries, raspberries, pears, plums, grapes, cherries, beans, sugar beets are sold to processors under the terms of the Act. Invariably, the prices established annually by negotiation or arbitration serve as a floor price for sales of these products on the open market. That the industry is about ready to use the Act in the open market is evident. The early potato growers of a limited section of South Western Ontario have launched a marketing plan aimed at giving the groups concerned some control over the sale of their product. A vote has been taken on a proposed scheme for carrots, cabbage and beets.

The control enjoyed under the Act has created order in what was the most troublesome phase of fruit and vegetable distribution just as the Licensing Act has proven a desirable piece of policing legislation with which to regulate the huge army of transient truckers roaming the country side and subjecting the growers to undue pressure. The weakness of the Farm Products Marketing Act is that there is no comparable piece of national legislation with the result that the beneficial controls are limited to sales within the province.

The extent to which the Act is used is indicated by the following table showing the number of growers operating under each scheme, the tonnage and the value of each product sold in 1947:

Product	Number of growers	Quantity	Value
		tons	$ cts.
Asparagus	850	1,475	419,400 18
Sour cherries	2,700	1,788	475,71[illegible] 54
Sweet cherries		755	19[illegible] 704 07
Plums		3,187	184,891 00
Pears—Bartlett		790	[illegible]7,685 28
Pears—Keiffer		5,6[illegible]	210,81[illegible] 68
Peaches	900	11,964	1,091,450 50
Sugar beets	7,000	104,287	1,150,000 00
		bu.	
Seed corn	270	558,000	779,860 00
		qts.	
Strawberries	400	3,[illegible]	763,955 10
Raspberries		477,[illegible]	176,259 57
		lbs.	
Beans	5,700	1,250,000	3,750,000 00
		tons	
Tomatoes	12,500	174,1[illegible]2	3,962,706 04
Green peas		20,112	1,242,[illegible] 11
Sweet corn		31,[illegible]	570,4[illegible] 97
Green and wax beans		853	65,[illegible] 78
Grapes	1,500	25,472	2,419,[illegible] 75

In this table, you will find sour cherries, sweet cherries, plums and pears listed together with 2,700 growers shown opposite. They are all under the one marketing scheme, and the total number of 2,700 growers has not been broken down for my purposes into the number handling cherries, plums and pears. I am not going to read the list, but it is rather interesting to find there are 12,500 growers interested in the sale of tomatoes, peas, corn and beans to the canning companies.

> Here we have over $18,500,000 worth of Ontario fruits and vegetables sold under the compulsory marketing schemes. These schemes constitute the only measure of control the growers have over prices but they do exert some influence on open market sales depending upon the extent to which the processors enter the market.

I might say I have gone into this in detail because there has been some mention that the Marketing Act is a factor in that the growers through the Marketing Act have some degree of control over prices. There is only one way in which it does tend to influence prices and that is more in the form of a floor.

> Otherwise, there are few organized groups in the industry able to exert regulatory influences by withholding supplies or by determining prices. Inasmuch as potatoes, celery, onions, cabbage and carrots are not under any marketing schemes the prices received for these five commodities are entirely the result of daily market conditions. I stress this to emphasize that the growers of these five products were in no way able, collectively, to determine prices or to withhold supplies after November 17th. The price advances that did occur were the direct result of open trading and so far as the growers are concerned, individual action. But, and this is essential, the sharp increases in prices were due, as much as anything else, to the market created by the dealers themselves for there was a mad scramble on the part of many of them to build up stocks in the face of what looked like higher prices as the winter advanced and supplies thinned out. These dealers who did build up stocks fared extremely well on the particular deals especially as there was considerable trading within the trade. This type of trading had an important bearing on some of the established price levels and also contributed to the upward movement of prices.

Emphasis should be placed on the part cumulative buying plays in the storage vegetable field. Many traders accumulate supplies of these vegetables in the fall months especially at harvest time. Our Association encourages cumulative buying. Many growers prefer to sell all or a percentage of their crops to traders at this time of the year. They prefer the cash that goes with the lower price to the long hold and the gamble of higher prices or the possible loss through wastage and deterioration. Especially is this true in celery. Cumulative buying of this sort by the trade serves to maintain price levels at the time of the year when supplies are at their peak. There was considerable buying of this sort in the fall of 1947 and naturally those traders who did accumulate supplies were amply rewarded when the Restrictive Program went into effect. It should be remembered, that cumulative buying is not always profitable. Dealers are not always able to correctly assess available supply and future market trends. This illustrates the speculative nature of the winter or storage vegetable deal.

Some advance has been made in the Ontario fruit and vegetable industry in the co-operative field but the progress has been slow mainly because of the proximity of markets. It is essential to understand that there is nothing in Ontario of the nature of the B.C. Tree Fruits Ltd. or the Nova Scotia Apple Marketing Board where there is control of the product or products from orchard to consumer. The lack of centralized control leaves the growers in the hands of the many traders of various kinds and types. Add to this the competitive instincts, the large number of operators who have little regard for law and order and who work on a 24-hour basis with no long-range program and with no trading policy but the one of seizing the fleeting opportunities of the moment regardless of cost to the industry as a whole, and you have a pretty discouraging stew. The agencies of distribution, operating in such a competitive field, are full of jealousies. They are responsive to gossip and rumour; some of them accept no responsibility for the welfare of the industry or any phase of it. The result is that within the group are many operators concerned only with the pursuit of the elusive dollar, often operating with a truck as a warehouse. The producers feel that distribution of our fruits and vegetables should be in more responsible hands. The inevitable result will be the gradual assumption of control by the growers through co-operative marketing and shipping groups with necessary authority vested in the groups by legislation of the compulsory type. Many people do not like this trend but the Farm Products Marketing Act came as a result of abuses and the others will follow for the same reason. Farmers are beginning to realize the necessity of being interested in their products right to the consumer level.

Some wholesalers claim they haven't done well under the Restrictive Program. This may be true. If so, it is because they handled little or none of the domestic produce since November 7 or they were caught with unusually large and expensive warehouse operations which were not justified in view of the reduction in volume passing through the warehouses. It may be too that their thought of profits were based on the year 1946 which could hardly be considered a normal year.

I might say if I were re-writing this paragraph I would change it entirely. I would say there were very few wholesalers who did not get past this winter in good shape.

The winter season is not always profitable. The imported deal can bring grief especially when over-buying creates glutted markets. This

tendency to over-buy is a common one for which some of the importing brokers must accept responsibility for some of them have never displayed interest in maintaining orderly markets. Many traders are not interested in the processes of the orderly market. They much prefer the ups and downs of the speculative market. It affords more excitement and they like the thrill of shooting for a long profit on one or two deals.

One prominent wholesaler said to me only recently that he "hoped the citrus quotas would remain forever. They put order in the market."

More than one wholesaler has had a good winter season. It has depended upon the nature of the operation and the amount of the domestic produce handled.

I go into this, gentlemen, because one of the pleas in the pressure campaign was that they were losing money without the import deal.

With losses on imported deals eliminated and the domestic produce presenting opportunities for profitable margins the commission wholesaler got by, in some cases did real well. The importing wholesaler who had no share of the domestic business was, of course, in trouble. Then, too, the importing brokers found the going a little different to the lush years from 1943 to 1946. Some people are inclined to express interest in the degree to which some of these brokers have contributed to the pressure campaign. Certainly the brokers felt the decline in volume of the import deal.

When Government restricted the imports of fruits and vegetables in November, citrus fruits, citrus juices, bananas, potatoes, onions and apples were excluded from the embargo. These products, with the exception of bananas, were subject to quotas. These quotas were based on 50 per cent of the dollar value of the importation by each dealer in these commodities in the year July 1, 1946, to June 30, 1947. The quotas were on a quarterly basis and could be juggled from one commodity to another within each quarter but could not be transferred from one dealer to another.

Because the Program commenced on November 18 the trade was allowed to treat the period November 17 to December 31 as a full quarter. This gave the trade considerable latitude. Traders with canned citrus quotas were able to augment the fresh citrus fruit purchases to a considerable extent by using the canned citrus quota for the fresh fruit. The result was the importation of citrus fruits, bananas and sweet potatoes was maintained at a comparatively high level as the records indicate:

Then follows a table showing the imports for each year up to December, and another table for the two months ending in February.

Comparison Imports
December

	1946		1947	
	Quantity	Value	Quantity	Value
Bananas	306.322 stems	$1.307.490	213.831 stems	$1.001.304
Grapefruit	11,481.793 lbs.	317.663	8.006.261 lbs.	179.199
Lemons	30.932 boxes	201.343	33.765 boxes	162.907
Oranges	1,304.170 cu. ft.	2,905.573	1.068.767 cu. ft.	1,391.984
Sweet Potatoes.	14.895 cwt.	90.320	12.471 cwt.	71.623

Two Months

Ending February, 1947 and February, 1948

	1947		1948	
	Quantity	Value	Quantity	Value
Bananas	454.344 stems	$1.945.694	361.596 stems	$1.787.913
Grapefruit	24.416.176 lbs.	518.195	21.482.511 lbs.	[illegible]
Lemons	87.769 boxes	392.846	74.562 boxes	255.490
Oranges	1,776.982 cu. ft.	2,555.435	1.514.636 cu. ft.	2,026.672
Sweet Potatoes.	23.524 cwt.	141.087	16.891 cwt.	95,929

Actually the citrus deal became so profitable and such per unit profit margins were being exacted that the Emergency Import Control Division had to move in with an order limiting profit.

The reduction in the quantity of citrus imported was just sufficient to assure the dealers a healthy market with large profits. They had nobody but themselves to blame for the order restricting profits.

Subsequently, as domestic supplies of cabbage and carrots became exhausted, importation of these two commodities was permitted but only under established ceiling prices—Import Control apparently imposing ceilings because of what happened to citrus. These ceilings were also applied to domestic cabbage and carrots.

Then in mid-April a Montreal trader succeeded in getting a shipment of small sized U.S.A. new potatoes past Customs. These went on sale at 19c. per pound the equivalent of $19.00 per 100-pound bag. Complaints that the potatoes were below minimum specifications required by the Fruit, Vegetables and Honey Act put an end to this deal Some of these potatoes found their way to Toronto and eventually were placed under detention and removed from circulation.

Here was a sample of the manner in which members of the trade were prepared to juggle quota satisfactory to the speculators who would, as the season advanced, be prepared to do considerable switching in the hunt for more profitable items among those admissible.

The importation of these new crop potatoes was followed with a complete ban on the importation of potatoes of all kinds until June 7 when the domestic supply position is to be further reviewed. This cost the dealers the profitable yam deal which had been permitted under the original order.

The U.S.A. potatoes that retailed at 19 cents a pound were selling in competition with Canadian potatoes retailing at around 5 cents a pound. There were and are ample supplies, for the moment, of Canadian potatoes.

The ban on potatoes was imposed on April 22nd but on April 19th a Toronto broker sold 4 cars of California potatotes, minimum size $1\frac{7}{8}$ inches, to two Toronto wholesale firms. So long as these potatoes were shipped prior to midnight April 21st they were admissable. My information is that the F.O.B. cost of these potatoes was $4.90 and $4.75 per 100 pounds with a laid-in price, at Toronto, of around $7.25.

The first car of these potatoes arrived in Toronto on Thursday, April 29th, and were sold wholesale at $12.00 per bag. The dealer in question actually sold 85 bags at $14.00 per bag but hadn't the heart to ride the merry-go-round so fast and settled for the $12.00 figure, a profit of nearly $5.00 per bag. This price of $12.00 per bag alongside of the Toronto wholesale price of $3.00 for P.E.I. potatoes or $2.65 for Ontarios contains more than one opportunity for comment. These imported potatoes have been sold as high as 19 cents a pound retail as against the advertised price of 5 cents per pound for domestic potatoes. The imported potatoes just got under the wire before the imposition of the embargo on April 22nd and were, therefore, considered "good property". There were 360 bags in each car so that the profit was in the neighbourhood of $1,800 per car

Mr. Irvine: May I ask if these potatoes were worth any more than the Canadian potatoes?

The Witness: They were new, that is all.

The amazing thing in each of these deals is the avidity with which retailers go for the particular items. They must be confident of re-sale indicating that there is no price limit for a section, at least, of the consuming public. Growers of domestic produce can hardly be blamed for demanding all the traffic will bear when they watch these transactions, especially when they know that scare U.S.A. dollars are being devoted to such purposes. It leaves some doubt in the minds of many as to the value of the many protests of food costs. It is also essential to remember that it is citrus quota money that is being used for the purchase of these non-essential luxuries. If, and when, a shortage of citrus fruits develops these same traders will be the first to seek some amendment to the citrus order.

I might say that I am slightly in error there: it should be "potato, onion and apple quota money".

One of the wholesalers involved in the potato deal used some of his quota money with which to import boiling onions. They were onions of inferior quality but they were something different and, as with the potatoes, offered a greater trading profit than citrus. Onions sold at \$6.25 are said to have turned in a profit of at least \$2.50 a 50 pound bag but I suspect the profit margin exceeded that sum.

The CHAIRMAN: That must be the kind of onions you were speaking about earlier, Mr. Harkness.

Mr. HARKNESS: That may be.

The WITNESS: I think, Mr. Harkness, these are boiling onions.

The CHAIRMAN: These may have been boiling onions. Mr. Harkness was certainly boiling.

The Witness:

It would be interesting to know to what extent tie-in or combination sales are being used by some wholesalers to get around the limited profits on the controlled items. These practices persist and it will be said in justification that with overall volume down the gross net on the operations must be maintained. And in this comparison of profits as between the period of austerity and some period that was productive of large profits there should be an appreciation of a changing picture in food distribution with a sharp reduction in total volume evident in the year 1947 all over America. Some food trade authorities placed this at 25%.

At one stage in the pressure campaign the complaints of the trade were that the food chains occupied a preferred position. I think it can be proven that much of the responsibility for this rested directly on the wholesale trade as many operators were not hesitant to divert supplies to the chains to the detriment of the independent retailers. The Committee can readily check as to the value of such an assertion.

This phase of the Committee's inquiry is directed at the wholesaling of fruits and vegetables—

I might say that I was under the impression that this committee was confining its interest to wholesaling, but I find I am in error.

—but pertinent to the examination of the price structure it may be necessary to give some thought to costs of production even though markets do not recognize this factor. Perishable products subjected to the unwritten laws of supply and demand are not in a position to be sold on a cost-plus basis. The fruit or vegetable grower gambles on the strength of markets long before he harvests his crops. He has no way of setting prices based on costs of products sold in the open market. He does know that, given good times, he has reasonable assurances of

selling his produce. He also knows that items in short supply sell well and that when supply increases his prices go down. He, therefore, tries to produce as cheaply as possible hoping the margins will be ample. His returns are seasonal subject to many influences—the weather, the extent of competition with imported produce, the state of national employment, existing wage levels, government policies, and all the other aspects. He has learned that his returns cannot be measured on a yearly basis. He is positive in his belief that the pressure on prices, over the long range, is always downward and that he has to resist, with all his might, this continual pressure. He is human in his search for profits, just as hungry as everybody else. He knows, too, that the public is more conscious, possibly, of food prices than of any other items entering into the cost of living. That is why, as between farmers and traders, there is always a state of hostility, sometimes open and sometimes suppressed. If profits are reasonable he has little to say. If he feels he is being crowded he becomes very vociferous.

Today, our growers are most conscious of their costs of production. They have witnessed steady increases in these costs and they know, as farm mechanization extends, that production costs will never go back to the old norm. Modern farming requires more capital than in the old days. The methods of distribution are more costly. The farmer knows his labour force will remain limited so long as the nation is prosperous. He is firm in his conviction that high wages afford him better opportunities for profitable returns. He remembers the Depression and the $1 a day paid farm help. He doesn't want a return to the same conditions. He feels that the consuming public has no knowledge of, and little concern for, the mounting farm costs. He knows that consumers want cheap food.

By and large our fruit and vegetable producers have made money since 1943. It took two or three years of war time prosperity to set the pattern of the last five years. There have been ups and downs in that time but the overall results have been good. Weather and U.S.A. produce have played their part, as they did last year, in reducing returns but, in the main, the mounting costs of production have been absorbed with a margin to spare.

Today, these costs are at an all-time high. Labour is the biggest single item on a vegetable farm, where it is from 40 to 50 per cent of the total cost. Workmen are receiving, as in all business enterprises, the highest wages in the history of this particular industry. This is to be expected for the social services now peculiar to urban industry have not yet reached the farm labourer—workmen's compensation, unemployment insurance, short hours, holidays with pay, group insurance, and other benefits. This makes it difficult to compete for the available supply of labour. Then, too, farm labour is more demanding in regards to housing and other requisites. From the standpoint of costs of production this may be fortunate for the farm operator and more fortunate for the consuming public but it is forcing a change in Ontario agriculture which is fraught with significance.

What I am trying to convey there is that when we extend all these social services to farm labour then the cost of vegetables will have to go up.

Figures as to costs of production have never been fully set up in the Ontario fruit and vegetable industry. At times, bargaining, under the Farm Products Marketing Act, has forced groups to analyze costs for one particular commodity or two. But, the complete set-up for the industry generally has never been established although the Ontario Department of Agriculture has recently organized a department for this specific job. So,

in order to give the Committee some figures I have checked available records and singled out a few items for purposes of comparison. For wage comparison, I have used the Burlington district as the yardstick and whilst there are variations as between districts, the rate of increase is typical. I have taken some of the main items entering into present costs of production and compared them with the cost of the same items in 1939.

	1939	1948
Labour, per day	$ 2.50	$ 5.00
11 qt. baskets	48.00 per M	97.00 per M
6 qt. baskets	35.00 per M	75.00 per M
Celery crates	.16 each	.36 each
Second-hand crates	.05 each	.15 each
Seed potatoes	1.10 per bag	3.50 per bag
Manure	1.50 per ton	3.50 per ton
Arsenate of Lead	.10 lb	.25 lb
Lime Sulphur	.14 gal.	.16½ gal.
Bluestone	.6½ lb.	.10½ lb.
Nicotine	Increase of 33⅓%	
Nitrate of Soda	$49.00 per ton	69.00 per ton
Fertilizer 4-8-10	34.00 per ton	38.30 per ton
Fertilizer 4-12-6	34.00 per ton	40.00 per ton
Ammonium Nitrate	62.15 (1947) per ton	74.50 per ton

I might point out that in this group of costs to which I have just referred above the expenditure for fertilizer is very high. Some of the western members might be interested in knowing that on our own 20-acre garden farm fertilizer and manure runs as high as $1,800 to $2,000 a year.

These are only some of the items but they are indicative. Members of the Committee are just as aware as anybody else of what has happened to prices of farm machinery, gasoline, fuel, hardware, motor vehicles, lumber, insurance, and the many other items that constitute costs on a garden farm. Always the true cost is not portrayed in the actual prices quoted. For instance, labour costs have actually increased to a greater extent than the wage rates indicate. Workmen's houses have had to be vastly improved, the daily labour return is not comparable with that of 1939, and there is a greater turnover in personnel.

Few people realize the per acre cost of operating the average fruit or vegetable farm. I doubt if any other phase of agriculture demands the per acre outlay, the housing facilities, all the rest that goes with this kind of operation. This means that the average gardener or fruit grower, given adequate returns, is an important asset for his operational needs are great and his spending power a real factor in the maintenance of the allied industries—farm machinery, fertilizer, container, insecticide, railway and trucking, to say nothing of the distributive and processing agencies built around the structure. Damage to the industry itself is reflected in many other industries. This is not generally realized. There are over twenty thousand farmers in Ontario engaged in the production of fruits and vegetables. It is a big industry important in the economic life of this country, too important to be booted around by irresponsible distributors. The records of my farm operations over a period of twenty-seven years convince me that my opportunities, as a farmer, for profitable operations are greater when I am paying high wages for these wages reflect similar wages in urban centres and with them go the buying power necessary to maintain the markets. I know, too, that my costs will not come down before the price levels recede and that, therefore, in the event of a recession, the industry will experience a squeeze. The good markets of recent years have done much for our farmers. They have permitted the liquidation of mortgages, the restoration of farm buildings and equipment, the mechanization of the farms and the establishment of a liquid cash position. This is all to the good. What concern I may

have as to the future rests on two points:

1. The ability of the fruit and vegetable producers to carry their capital investments with lower price levels for their produce;
2. The extent to which competition with U.S.A. produce will force a revision in the entire structure of the industry.

Modern merchandizing is forcing expenditures on marketing facilities, such as cold storage plants, central packing warehouses, pre-cooling facilities, new packages and a host of other necessities. At some level in the price structure these things may become burdensome.

The Ontario Fruit and Vegetable Growers' Association is aware of these things, of the need for expanding markets and for greater control of the agencies of distribution. For these reasons, it endeavours to imbue existing agencies of distribution with the responsibility resting upon them for so much of our success as producers depends upon the outlook and the viewpoint of the traders. To date the results achieved have been meagre. Hence the warning that if the trade, or those who constitute the trade, cannot accept the responsibility the farmers will have to take over the complete task of distribution. The trader who plays the import deal to the detriment of the Canadian producer is, in an economic sense, creating mischief and upsetting the economic equilibrium. Money paid to Texas growers for carrots WITH TOPS is of little assistance to the Canadian economy so long as U.S.A. markets are not available to Canadian producers. But, these matters give some distributors little concern as was demonstrated as late as last week in the potato deal. And sections of the Canadian public are just as guilty.

Dr. David L. MacFarlane, of MacDonald College, has said "that measures which would most aid agriculture are not those directed at agriculture specifically but are general measures applying to the whole economy. Here I mean international trade policy, taxation and monetary measures, and other measures aimed at maintaining a high and stable level of employment and income in the economy. The important point for us to recognize is that the prosperity of farming depends more on what is done in the field of general economic policy than on specific farm programs."

Our Association subscribes to this contention. Our quarrel with the distributors is that they, more than any others, in the fruit and vegetable industry, refuse to consider, let alone recognize, the harm they do to all of us by their forays into international trade.

Prof. Andrew Stewart, of the University of Alberta, has said: "There is no way prices could be kept up for farm products if there were another depression. Farm prices are not a farm problem alone. Stabilizing urban income at a high level is the first consideration in stabilizing farm prices. Floor prices, subsidies, contracts and forward prices, quotas and so on are all secondary measures that have a stabilizing effect."

I submit that if these experts were familiar with the fruit and vegetable industry they would agree as to the disruptive influences exerted on our industry by sections of the distributive trade. They would also subscribe to the contention that of the two groups—growers and distributors—the interests of the growers come first.

That Ontario producers feel that the Restrictive Program offers opportunities for increased production is evident from the reports received recently in our office. The acreage of vegetables has been increased considerably. In the Leamington area alone, the over-all increase is placed at 25 per cent of 1947 acreages. Increases are reported in other districts with every indication of larger plantings of storage vegetable crops. Given favourable weather, the production should more than compensate

for the loss of imported vegetables and, of course, will result in lower price levels unless an extra good job of distribution is performed. Farmers, like everybody else, respond to the price incentive often to their own disadvantage. Unquestionably, some items will open at prices above the 1947 range but we anticipate a levelling out process setting in very quickly. It did last week in asparagus. Realizing that the increase in production will necessitate special efforts in widening distribution some groups are preparing the necessary facilities whilst the railways are being asked to co-operate.

That this increase in production is not confined to Ontario is indicated by a recent report of the Quebec Department of Agriculture which says: "The acreage sown and transplanted with early vegetables is much larger than last year."

I submit that this is all to the good from the standpoint of the national economy.

M. M. ROBINSON,
Secretary-Treasurer,
Ontario Fruit and Vegetable Growers' Association.

The CHAIRMAN: Mr. Robinson, that is a fine brief.

Mr. THATCHER: May I make just one comment. Mr. Robinson is certainly to be complimented for the great amount of work that he has put into this brief but it is going to be rather difficult for us to read it comprehensively in the time which is available to us. I wonder if tomorrow he could give us perhaps five major points which he is making. Would that be feasible?

The WITNESS: Yes.

Mr. THATCHER: That would be of great help to the members of the committee.

The CHAIRMAN: I think you will find that counsel will be of assistance in that direction. I would suggest that because this is such an important brief the members might do well, before falling asleep tonight, to reread this material.

Mr. IRVINE: Are you suggesting that reading of this document would enable us to sleep more readily?

Mr. MONET: It might help to keep you awake for a few hours.

The CHAIRMAN: There is a lot of very important material there and as well there are some major allegations. Before adjourning I will say that I have asked Mr. Thatcher, Mr. Lesage and Colonel Harkness, to act as a committee in connection with a matter that may be of interest to all members of the committee and to the gentlemen of the fourth estate who have ben so faithfully attending the meetings of this committee. I will say no more but I will ask that these gentlemen make arrangements quickly.

Mr. THATCHER: We will report back tomorrow.

The meeting adjourned to meet again Tuesday, May 11, 1948, at 11 a.m.

APPENDIX "A"

FRESH FRUIT AND VEGETABLE STATISTICS

Prepared for House of Commons Special Committee on Prices
By the Secretariat.

MAY 1948.

TABLE 1.—AVERAGE WHOLESALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES(1), OCTOBER 1947 and APRIL 1948(2)

a	b	c	d	e	f	g	h	i	j
Commodity	Per Capita Annual Consumption(3)	Average prices in October 1947		Average prices in April 1948		Increase in prices October 1947 to April 1948		Wholesale—Retail Price spread	
		Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Oct. 1947	Apr. 1948
	lbs.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.
Apples lb.	19.3	6.5	...	6.3	...	−0.2	...	...	...
Bananas lb.		13.0	17.2	12.9	17.0	−0.2	−0.2	4.2	4.2
Oranges doz.		29.6	38.3	27.2	34.8	−2.4	−3.5	8.7	7.6
Potatoes lb.	175.4	2.4	3.4	2.8	4.0	0.4	0.6	1.0	1.2
Carrots lb.	7.4	3.1	5.8	(4) 5.7	(4) 8.5	(5) 2.6	(5) 2.7	2.7	(4) 2.8
Cabbage lb.	6.9	3.7	5.7	5.9	7.9	2.2	2.2	2.0	2.0
Onions lb.	8.0	3.7	6.2	(6) 8.1	11.1	4.4	4.9	2.5	3.0
Celery lb.	2.5	6.5	...	(7) 10.8	...	(8) 4.3	...	...	...

SOURCE: Compiled from data in Tables 2, 3 and 4.

(1) Halifax, Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver.

(2) The prices in columns c-f can be considered as only roughly accurate. They are the average of wholesale prices and independent merchants retail prices in seven cities without regard to the importance of the city as a market, and the wholesale and retail prices in each city, in turn, are averages of all types and grades of the produce being offered for sale in the market without regard to the amount of each being offered. Consequently, the price increases shown in columns g-h indicate price trends and their approximate magnitudes for the seven cities as a group and should not be considered as measuring accurately the price increases that have occurred. Similarly, the price spreads in columns i-j are subject to a considerable element of error.

(3) Estimates for the period July 1, 1947 to June 31, 1948.

(4) March, 1948.

(5) October 1947 to March 1948.

(6) Includes estimates of wholesale prices in Vancouver and Calgary.

(7) January, 1948 wholesale prices for Halifax, Montreal, Toronto, Winnipeg and Calgary only.

(8) October 1947 to January 1948.

(9) Wholesale prices in Halifax and Regina not included because not available.

TABLE 2.—AVERAGE WHOLESALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES FOR MONTHS DESIGNATED (1)

NOTE.—Retail prices given are those of independent merchants for the first Monday of the month, as prepared by the Prices Branch of the Dominion Bureau of Statistics; wholesale prices are for the Wednesday preceding the first Monday of the month, as prepared by the Markets Information Service of the Department of Agriculture.

—		Apples (in cents per pound) (2)									
		December			Oct. 1947	Nov. 1947	Dec. 1947	Jan. 1948	Feb. 1948	Mar. 1948	Apr. 1948
		1939	1943	1946							
Halifax (3)	—Wholesale	2.4	4.9	5.2	3.7	4.8	4.8	4.3	4.4	3.8	3.8
Montreal	—Wholesale	3.2	5.5	6.2	6.6	5.8	6.1	5.8	5.8	5.6	5.0
Toronto (4)	—Wholesale	2.8	5.5	5.7	6.1	4.7	5.6	5.8	6.4	6.4	6.0
Winnipeg	—Wholesale	4.3	7.3	7.5	7.3	7.2	7.3	7.6	7.5	7.6	7.9
Regina	—Wholesale	4.4	7.2	7.4	7.4	7.4	7.6	7.9	7.8	7.7	(5) 7.3
Calgary	—Wholesale	3.8	6.9	6.9	7.0	7.0	7.0	7.0	7.7	7.6	7.8
Vancouver	—Wholesale	3.4	6.4	6.7	7.1	7.1	7.1	7.4	6.7	(5) 7.7	(5) 6.3
Average	—Wholesale	3.5	6.2	6.5	6.5	6.3	6.5	6.5	6.6	6.6	6.3

(1) The average prices in this table are "unweighted". That is, they are not corrected for the volume of different types and grades of the produce being sold on the day prices are surveyed. The apparent relationship between whoelsale and retail prices or between wholesale and retail prices at different periods, therefore, approximates only roughly to the real relationships existing in the market.
(2) Unless otherwise specified, quotations are for McIntosh No. 1 grade in barrels and hampers and fancy grade in boxes.
(3) Halifax Cortlands for November to February, Ganos in March and Ben Davis in April.
(4) Combination grade from October 1947 to April 1948.
(5) Yellow Newton.

TABLE 2.—AVERAGE WHOLESALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES FOR MONTHS DESIGNATED (1)—Continued

—		Bananas (in cents per pound) (2)									
		December			Oct. 1947	Nov. 1947	Dec. 1947	Jan. 1948	Feb. 1948	Mar. 1948	Apr. 1948
		1939	1943	1946							
Halifax	—Wholesale	6.0	11.0	11.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
	Retail	8.3	14.0	15.0	18.1	18.2	18.0	18.2	18.4	18.4	18.3
Montreal	—Wholesale	5.1	10.7	10.5	11.5	13.0	13.0	10.9	11.0	11.0	11.0
	Retail	6.3	14.2	14.1	18.4	18.9	18.7	16.1	15.3	15.3	15.5
Toronto	—Wholesale	5.7	11.2	11.4	10.7	10.7	10.7	10.7	10.7	10.7	10.8
	Retail	7.1	14.0	14.0	14.1	14.1	14.2	14.4	14.4	14.3	14.6
Winnipeg	—Wholesale	7.9	10.5	9.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
	Retail	10.7	14.9	11.6	16.3	16.4	16.4	16.4	16.6	16.5	16.4
Regina	—Wholesale	9.5	11.5	11.4	14.8	14.8	14.8	14.8	14.8	14.0	14.0
	Retail	12.6	14.9	15.0	18.9	18.8	18.8	18.8	18.8	18.9	18.9
Calgary	—Wholesale	8.0	.....	11.5	13.5	13.5	13.6	13.6	13.6	13.6	13.5
	Retail	11.5	15.0	14.9	17.3	17.3	17.2	17.4	17.3	17.3	17.3
Vancouver	—Wholesale	6.7	10.7	11.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5
	Retail	7.7		15.0	17.0	17.3	17.7	17.7	17.7	17.8	17.8
Average	—Wholesale	7.0	11.0	10.9	13.0	13.2	13.2	12.9	12.9	12.8	12.8
	Retail	9.2	14.5	14.2	17.2	17.3	17.4	17.0	16.9	16.9	17.0

TABLE 2.—AVERAGE WHOLESALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES FOR MONTHS DESIGNATED(1)—*continued*

—		Oranges (in cents per pound)									
		December			Oct. 1947	Nov. 1947	Dec. 1947	Jan. 1948	Feb. 1948	Mar. 1948	Apr. 1948
		1939	1943	1946							
Halifax	—Wholesale	23.7	28.8	(2) 23.7	29.6	29.6	28.1	25.9	25.9	27.3	28.1
	Retail	30.1	47.3	49.4	46.8	43.7	43.6	43.0	41.4	39.3	39.4
Montreal	—Wholesale	18.5	27.3	30.3	26.6	25.9	28.1	26.6	27.3	26.6	27.3
	Retail	25.6	36.4	42.4	39.3	38.1	41.3	39.0	38.8	36.5	36.8
Toronto	—Wholesale	20.0	26.6	31.8	29.6	29.6	32.5	25.9	28.8	28.8	28.8
	Retail	31.2	40.1	42.5	34.2	34.7	39.3	39.3	41.2	33.4	32.0
Winnipeg	—Wholesale	20.0	28.1	(3) 25.9	28.1	31.0	34.7	26.6	25.9	25.9	25.9
	Retail	25.4	39.7	42.9	38.3	38.0	41.3	40.9	39.3	37.1	38.0
Regina	—Wholesale	22.2	28.8	34.7	31.8	32.5	31.0	29.6	25.9	26.6	28.1
	Retail	25.9	39.8	50.2	36.0	37.4	37.9	35.6	34.5	32.3	32.6
Calgary	—Wholesale	20.0	26.6	29.6	32.5	32.5	30.3	29.6	25.1	25.1	28.8
	Retail	30.4	38.6	46.2	38.2	37.8	36.7	35.3	33.2	33.3	34.2
Vancouver	—Wholesale	21.4	23.7	27.3	28.8	27.3	26.6	22.9	22.9	22.9	23.7
	Retail	24.7	43.2	46.4	35.2	36.3	37.5	33.9	33.7	30.8	30.3
Average	—Wholesale	20.8	27.1	29.0	29.6	29.8	30.2	26.7	26.0	26.2	27.2
	Retail	27.6	40.7	45.7	38.3	38.0	39.7	38.1	37.6	34.7	34.8

(1) California oranges converted from crates at the rate of 23 dozen per crate.
(2) Florida origin.
(3) Small sizes only.

TABLE 2.—AVERAGE WHOLESALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES FOR MONTHS DESIGNATED(1)—Continue

—		Potatoes (in cents per pound)										
		December			Oct. 1947	Nov. 1947	Dec. 1947	Jan. 1948	Feb. 1948	Mar. 1948	Apr. 1948
		1939	1943	1946							
Halifax	—Wholesale	1.4	2.2	1.6	2.3	2.3	2.5	3.3	3.3	3.2	3.1
	Retail	1.8	3.0	2.5	3.1	3.0	3.7	3.9	3.9	3.9	3.9
Montreal	—Wholesale	1.1	2.2	1.6	2.2	2.0	3.2	2.8	2.7	2.7	2.8
	Retail	1.8	3.0	2.6	3.3	3.2	3.9	4.0	4.0	4.0	4.1
Toronto	—Wholesale	1.2	2.3	1.6	2.2	2.2	3.3	3.0	3.1	3.1	3.1
	Retail	1.7	3.1	2.6	3.3	3.4	4.3	4.4	4.5	4.5	4.5
Winnipeg	—Wholesale	1.0	1.6	2.0	1.7	1.9	2.3	2.8	2.8	2.8	2.0
	Retail	1.5	2.3	2.9	2.6	2.8	3.0	3.2	3.5	3.5	3.4
Regina	—Wholesale	1.5	2.1	1.8	2.7	2.5	2.3	2.3	2.6	2.5	2.2
	Retail	1.9	2.4	2.7	3.4	3.0	3.1	3.4	3.6	3.5	3.4
Calgary	—Wholesale	1.5	2.0	2.5	3.1	3.0	2.9	2.9	3.1	3.1	3.1
	Retail	2.2	2.9	3.1	4.2	4.1	4.0	4.0	4.1	4.1	4.1
Vancouver	—Wholesale	1.5	2.0	1.9	2.5	2.5	2.6	2.8	2.8	3.1	3.1
	Retail	1.8	3.0	3.2	4.1	4.2	4.3	4.4	4.4	4.4	4.6
Average	—Wholesale	1.2	2.1	1.9	2.4	2.3	2.7	2.8	2.9	2.9	2.8
	Retail	1.8	2.8	2.8	3.4	3.4	3.6	3.9	4.0	4.0	4.0

TABLE 2.—AVERAGE WHOLESALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES FOR MONTHS DESIGNATED (1)—*Continued*

—	Carrots (price per lb.)									
	December			Oct. 1947	Nov. 1947	Dec. 1947	Jan. 1948	Feb. 1948	Mar. 1948	Apr. 1948
	1939	1943	1946							
Halifax —Wholesale	2.5	2.7	2.6	4.0	3.2	3.0	3.0	4.0	5.0	6.0
Retail	....	4.6	4.4	5.6	5.4	5.3	5.4	5.9	6.7	9.0
Montreal —Wholesale	0.8	1.7	1.1	1.5	1.3	2.6	3.3	3.5	5.3	7.0
Retail	....	4.4	4.5	5.0	4.9	6.5	7.5	8.0	10.7	10.4
Toronto —Wholesale	1.0	2.5	1.3	2.2	2.0	4.3	4.7	5.5	8.6	(1) 8.8
Retail	....	4.6	3.8	5.3	5.3	6.9	7.6	8.7	12.3	10.0
Winnipeg —Wholesale	0.9	2.1	2.3	3.5	2.3	4.0	2.2	5.5	6.4	(1) 8.2
Retail	....	4.0	4.9	5.6	5.4	6.0	6.4	7.3	8.2	9.9
Regina —Wholesale	1.7	2.5	2.3	3.8	3.8	4.3	3.8	4.1	4.1	5.0
Retail	....	3.9	3.9	5.5	5.0	5.7	6.4	6.5	6.7	9.7
Calgary —Wholesale	2.7	2.6	2.3	3.6	3.5	3.5	4.0	3.8	3.9	5.8
Retail	....	3.9	4.3	6.8	6.3	5.8	5.5	5.6	5.7	6.9
Vancouver —Wholesale	0.9	2.0	2.3	3.3	3.2	3.3	3.8	3.8	6.5	(1) 8.1
Retail	....	4.0	6.0	7.0	7.7	6.4	5.8	6.2	8.9	9.9
Average—Wholesale	1.5	2.3	2.0	3.1	2.8	3.6	3.5	4.3	5.7	7.0
Retail	....	4.2	4.5	5.8	5.7	6.1	6.4	6.9	8.5	9.4

(1) Imported produce.

TABLE 2.—AVERAGE WHOLESALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES FOR MONTHS DESIGNATED (1)—*Continued*

—		Cabbage (in cents per pound)									
		December			Oct. 1947	Nov. 1947	Dec. 1948	Jan. 1948	Feb. 1948	Mar. (1) 1948	Apr. (1) 1948
		1939	1943	1946							
Halifax	—Wholesale	2.2	2.9	2.5	3.5	3.0	3.5	5.0	6.5	5.2	6.2
	Retail		4.9	4.1	5.2	5.0	5.2	6.3	8.8	8.4	8.2
Montreal	—Wholesale	1.2	3.1	1.0	2.6	2.5	5.8	8.0	12.6	3.5	5.8
	Retail	..	4.9	3.3	5.2	5.2	8.3	11.2	8.6	5.7	7.7
Toronto	—Wholesale	1.0	3.5	1.4	3.4	3.1	5.6	9.9	13.0	3.7	5.7
	Retail	.	4.1	3.3	6.0	5.6	7.5	11.0	8.9	5.7	7.3
Winnipeg	—Wholesale	2.0	2.3	2.5	3.5	2.7	4.5	7.7	.....	4.1	5.8
	Retail		4.1	4.6	5.3	5.2	6.6	8.8	8.6	6.1	7.2
Regina	—Wholesale	2.7	2.8	2.6	4.5	4.2	4.2	4.7	9.5	5.3	5.7
	Retail		4.2	3.9	5.7	5.5	5.9	7.8	8.2	7.2	8.2
Calgary	—Wholesale	2.7	2.8	2.6	3.8	4.0	4.4	4.2	7.2	5.8	6.0
	Retail		4.3	4.6	6.3	6.1	5.8	6.3	8.6	8.2	8.2
Vancouver	—Wholesale	1.2	2.1	2.6	4.5	3.7	4.6	6.0	9.0	4.8	6.0
	Retail		4.0	4.8	6.5	6.4	7.0	8.4	7.8	7.7	8.2
Average	—Wholesale	1.9	2.8	2.2	3.7	3.3	4.7	6.5	9.6	4.6	5.9
	Retail		4.3	4.1	5.7	5.6	6.6	8.5	8.5	7.0	7.9

(1) Wholesale prices are for imported produce.

TABLE 2.—AVERAGE WHOLESALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES FOR MONTHS DESIGNATED(1)—*Continued*

—		Onions (in cents per pound) (1)									
		December			Oct. 1947	Nov. 1947	Dec. 1947	Jan. 1948	Feb. 1948	Mar. 1948	Apr. 1948
		1939	1943	1946							
Halifax	—Wholesale	2.2	5.5	4.0	3.5	4.0	5.0	5.5	7 0	9.0	9.0
	Retail	4.2	7.6	6.1	5.1	5.5	6.4	7.3	8.5	10.2	11.4
Montreal	—Wholesale	1.2	5.2	3.0	3.0	2.8	6.2	6.8	6.3	8.1	7.7
	Retail	4.1	7.4	6.8	7.7	7.4	8.8	9.4	10.0	12.1	12.5
Toronto	—Wholesale	1.1	5.0	2.3	2.7	2.8	5.0	4.8	5.8	8.3	8.9
	Retail	3.3	7.4	4.9	4.4	5.4	6.9	7.5	8.5	10.7	11.7
Winnipeg	—Wholesale	1.2	4.1	4.0	3.5	3.3	3.5	5.3	5.5	8.0	9.8
	Retail	2.9	5.7	6.6	6.1	6.2	6.7	7.3	8.3	10.1	11.9
Regina	—Wholesale	1.7	4.1	4.5	4.6	4.5	5.0	5.0	6.4	6.6	5.4
	Retail	3.8	6.0	6.3	6.5	6.5	6.7	7.4	8.1	8.6	9.7
Calgary	—Wholesale	1.7	4.1	4.2	4.0	4.0	4.7	5.1	5.6	6.4	....
	Retail	3.1	5.7	6.2	6.2	6.3	6.7	7.0	7.7	7.9	10.3
Vancouver	—Wholesale	1.9	4.5	4.5	4.5	4.3	5.5	5.5	5.8	8 0	....
	Retail	3.0	5.7	6.4	6.5	6.3	7.2	7.5	7.8	10.0	10.1
Average	—Wholesale	1.6	4.6	3.8	3.7	3.7	5.0	5.4	6.1	7.8	8.2
	Retail	3.5	6.5	6.2	6.2	6.2	7.0	7.6	8.4	9.9	11.1

(1) Wholesale price quotations are for yellow onions.

TABLE 2.—AVERAGE WHOLSALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES FOR MONTHS DESIGNATED (1)—*Concluded*

—	Celery (in cents per pound) (1)										
	December			Oct. 1947	Nov. 1947	Dec. 1947	Jan. 1948	Feb. 1948	Mar. 1948	Apr. 1948
	1939	1943	1946							
Halifax —Wholesale	7.8	7.7	8.4	8.4	8.4	9.4	10.9	......	......	......
Montreal —Wholesale	1.6	7.3	3.3	3.5	4.0	6.7	10.5	15.9	......	......
Toronto —Wholesale	1.8	5.8	2.8	1.7	2.4	5.0	6.8	14.0	......	......
Winnipeg —Wholesale	3.7	7.7	7.3	6.2	6.5	8.5	12.0	......	......	......
Regina —Wholesale	5.5	7.7	8.3	10.5	10.0	9.7	......	......	......	......
Calgary —Wholesale	4.2	7.5	9.0	10.0	8.3	11.5	13.9	......	......	......
Vancouver —Wholesale	2.4	6.4	6.3	5.5	5.3	9.3	......	......	......	......
Average—Wholesale	3.9	7.2	6.5	6.5	6.4	8.6	10.8	14.9	......	......

(1) Converted from dozens at Halifax at 16 lbs. per doz. and from crates elsewhere, eastern 65 lbs. and western 50 lbs.

TABLE 3.—WHOLESALE-TO-RETAIL PRICES FOR SELECTED FRESH VEGETABLES IN SIX CANADIAN CITIES, BY WEEKS, NOV. 5, 1947, TO APRIL 21, 1948(1)

Date	Potatoes (in cents per pound)					
	Halifax	Montreal	Toronto	Winnipeg	Calgary	Vancouver
	P.E.I. No. 1(2)	P.E.I. No. 1(2)	P.E.I. No. 1(2)	Man. White No. 1(2)	Alta. Netted Gems No. 1(3)	B.C. White No. 1(3)
1947						
November 5	2.3	2.3–2.7	2.4–2.5	1.9	3.0	2.5–2.6
12	2.2–2.3	2.5–2.8	2.8–3.0	2.0–2.1	3.0	2.5–2.6
19	2.3–2.7	2.5–3.0	2.9–3.3	2.0–2.1	....	2.5–2.6
26	2.7–3.7	3.0–4.0	3.7–4.0	2.3	2.9–3.0	2.5–2.6
December 3	3.3	3.0–3.7	3.3–3.7	2.3	2.9–3.0	2.6
10	2.9–3.0	3.0–3.1	3.2–3.3	2.7	2.9–3.0	2.6
17	2.9–3.0	....	3.2–3.3	2.7–3.0	2.9–3.0	2.6
24	2.9.3.0	2.9–3.1	3.2–3.3	2.7–3.0	2.9–3.0	2.6–2.9
31	....	2.9–3.2	3.2–3.3	2.7–3.0	2.9–3.0	2.8–2.9
1948						
January 7	3.0–3.3	3.1–3.3	3.3–3.5	2.7–3.0	2.9–3.0	2.9
14	3.3	3.1–3.3	3.5	2.7–3.1	3.0–3.2	2 9
21	3.3	3.0–3.2	3.3–3.5	2.7–3.1	3.1–3.2	2.9
28	3.3	2.9–3.1	3.3	2.7–3.0	3.1–3.2	2.9
February 4	3.1–3.3	2.9–3.1	3.3–3.5	2.7–3.0	3.1–3.2	2.9
11	3.1–3.3	2.9–3.1	3.3–3.5	2.6–2.7	3.1 3.2	2.9
18	3.1–3.3	3.0–3.1	3.3–3.5	2.7–3.0	3.1–3.2	2.9
25	3.1–3.3	3.0–3.1	3.3–3.5	2.7–3.0	3.1–3.2	2.9–3.1
March 3	3.1–3.3	3.0–3.1	3.3–3.5	2.3–3.0	3.1–3.2	3.1
10	3.1–3.3	3.0–3.1	3.3–3.5	2.1–2.3	3.1–3.2	3.1
17	3.1–3.3	3.0–3.2	3.3–3.5	2.1–2.3	3.1–3.2	3.1
24	3.1–3.2	3.0–3.2	3.3–3.5	1.9–2.1	3.1–3.2	3.1
31	3.1–3.2	3.0–3.3	3.3–3.5	1.9–2.1	3.1–3.2	3.1
April 7	3.1–3.2	3.2–3.3	3.3–3.5	1.9–2.1	3.1–3.2	3.1
14	3.1–3.5	3.3–3.5	3.5	1.9–2.3	3.1–3.2	3.1
21	3.3–3.5	3.5–3.7	3.5–3.7	2.0–2.3	3.2–3.4	3.1

(1) Source: Fruit and Vegetable Weekly Crop and Market Report, issued by the Dominion Department of Agriculture and converted to price per pound by Secretariat.
(2) On 75 lb. bags.
(3) On 100 lb. bags.

TABLE 3.—WHOLESALE-TO-RETAIL PRICES FOR SELECTED FRESH VEGETABLES IN SIX CANADIAN CITIES, BY WEEKS, NOV. 5, 1947, TO APRIL 21, 1948(1)—Continued

Date	Carrots (in cents per pound)					
	Halifax	Montreal	Toronto	Winnipeg	Calgary	Vancouver
	N.S. washed No. 1(1)	Que. washed No. 1(2)	Ont. washed(3)	Man. washed(4)	Alta. No. 1	B.C. washed topped No. 1
1947						
November 5	4.0	1.8–2.2	2.3–3.0	2.0–2.5	3.5	3.0–3.3
12	4.0	1.8–2.2	2.3–3.0	2.7–3.5	3.5	3.0
19	4.0	2.0–2.5	2.3–3.0	2.7–3.5	3.5	3.0–3.2
26	4.0	2.5–4.5	3.0–4.5	2.7–3.5	3.5	3.2–4.0
December 3	4.0	3.0–4.0	4.0	4.0–4.3	3.5–4.0	3.7–4.5
10	4.0	3.0–3.5	4.0–4.5	....	4.0–4.5	
17	4.0	....	4.0–4.5	....	3.5–4.5	4.0–4.5
24	4.0	3.5–4.0	4.0–4.5	4.0–4.3	3.5–4.5	4.0–4.5
30		4.0	4.0–4.5	4.0–4.3	3.5–4.5	4.0–4.5
1948						
January 7	....	4.0	4.5–5.0	4.3–4.5	3.5–4.5	4.0–4.5
14	4.5	4.0–4.5	4.5–5.0	5.0–5.2	3.5–4.5	4.0–4.5
21	4.5	4.0–4.5	5.0–5.5	5.2–5.5	3.8–4.5	4.0–4.5
28	4.5	4.2–4.5	5.0–5.5	5.3–5.7	3.8–4.5	4.0–4.5
February 4	4.5	4.0–4.5	5.5–6.0	5.7–6.0	3.8–4.5	4.0–4.5
11	5.5	4.0–4.5	5.5–6.0	6.0–6.5	3.8–4.5	4.5–5.0
18	5.5	5.0–8.0	7.0–7.5	6.1–6.5	3.8–4.5	6.0–6.5
25	6.0	7.0–7.5	8.0–8.5	6.1–6.5	3.8–4.5	6.0–6.7
March 3	6.0	7.0–8.0	8.5–9.5	6.1–6.8	3.8–4.5	
10	6.0	....	....	6.5–7.0	3.8–5.0	7.5–8.5
17	7.0	(5)9.3	(5)7.0–8.1	7.0	4.5–5.0	7.5–8.5
24	7.0	(5)9.3	(5)8.5	7.0	4.5–6.0	(5)7.0–8.1
31	7.0	(5)8.8–9.0	(5)8.5–9.0	(5)7.4–8.5	5.5–6.0	(5)7.7–8.1
April 7	7.0–7.3	(5)9.1	(5)8.5–0.0	(5)8.5	5.5–6.0	(5)8.0–8.8
14	7.3	(5)9.1–9.3	(5)8.7–9.0	(5)8.5–8.9	5.5–6.0	(5)8.5–8.9
21	7.3	(5)9.2	(5)8.8	(5)8.5–8.9	....	(5)8.5–8.9

(1) In hampers (estimated 50 lbs.) Nov. 5-Jan. 7, in 50 lb. bags, Jan. 14-Mar. 10, and per pound Mar. 17-Apr. 21.
(2) In 50 lb. bags Nov. 5-Mar. 3, in bushels (estimated 50 lbs.) Mar. 17-Apr. 21.
(3) In bushels (estimated 50 lbs).
(4) In 50 lb. bags.
(5) Imported.

TABLE 3.—WHOLESALE-TO-RETAIL PRICES FOR SELECTED FRESH VEGETABLES IN SIX CANADIAN CITIES, BY WEEKS, NOV. 5, 1947 TO APRIL 21, 1948(1)—*Continued*

Date	Cabbage (in cents per pound)					
	Halifax	Montreal	Toronto	Winnipeg	Calgary	Vancouver
	Nova Scotia No. 1(1)	Quebec Green(2)	Ontario Green(3)	Man.(4)	Alta.(5)	B.C. Green(6)
1947						
November 5	3.0	1.9–2.5	2.5–3.1	2.5–3.0	3.5–5.0	3.5–4.0
12	3.0	2.5–3.1	2.5–3.1	3.0–3.5	3.5–5.0	3.5–4.0
19	3.0	2.5–3.1	2.9–3.1	3.0–3.5	3.5–5.0	3.0–4.0
26	3.0–3.5	5.0–6–0	4.4–5.6	3.0–5.0	3.5–5.0	3.5–4.0
December 3	1.0–4.0	5.0–7.0	4.4–5.6	5.0	3.8–5.0	5.0–6.0
10	1.0–4.0	5.5–6.0	4.4–8.3	5.0	3.8–5.0	5.0–6.0
17	1.0–4.0	....	8.5	5.5	4.0–4.5	5.0–6.0
24	1.0–4.0	6.0–8.0	6.9–8.5	6.0–6.5	3.5–5.0	5.5–6.0
31	....	8.0	8.1–9.4	6.5	3.5–5.0	6.0
1948						
January 7	5.0	8.0–10.0	9.4–11.3	9.0–10.0	3.5–6.0	6.0
14	6.0	11.0–12.0	10.0–12.5	10.5–11.0	4.8–6.0	5.0–7.0
21	(7) 6.5	12.0–14.0	10.0–12.5	....	6.0–7.5	6.0–8.0
28	....	13.0–14.0	12.5–13.8	....	6.0–7.5	8.0–10.0
February 4	(7) 6.2	12.0	8.5–10.0	(7) 5.8	6.0–7.5	8.0–10.0
11	....	(7) 3.7–5.5	(7) 5.0–5.5	(7) 5.0–5.5	6.0	(7) 5.5–6.1
18	(7) 6.0–6.2	(7) 3.3–4.0	(7) 3.5–3.7	(7) 4.7	(8) 4.5–6.0	(7) 5.5–5.8
25	(7) 5.2	(7) 3.0–3.5	(7) 3.5–3.7	(7) 4.3	4.5	(7) 5.5
March 3	(7) 5.0–5.5	(7) 3.3–4.0	(7) 3.5–4.0	(7) 3.7–3.9	4.5	(7) 5.5
10	(7) 5.0	(7) 3.5–6.0	(7) 3.7–4.2	(7) 3.5–3.8	4.5	(7) 4.8–5.5
17	(7) 5.0–5.5	(7) 4.5–6.0	(7) 4.3–4.5	(7) 4.5–4.8	3.0–4.5	(7) 4.8–5.5
24	(7) 5.5–6.2	(7) 4.5–5.0	(7) 4.5–5.5	(7) 4.6–5.0	3.0	(7) 5.5–5.8
31	(7) 6.2	(7) 5.0–6.0	(7) 5.0–5.5	(7) 4.6–5.7	3.0	(7) 5.5–6.1
April 7	(7) 6.2	(7) 5.8–6.0	(7) 5.5–6.0	(7) 5.7–6.7	3.0	(7) 6.0–6.5
14	(7) 6.2–6–6	(7) 6.0–7.1	(7) 6.2–7.2	(7) 6.7–6.9	3.0	(7) 6.0–6.5
21	(7) 6.6–7.8	(7) 7.5–7.9	(7) 7.5–7.7	(7) 6.7–7.8	....	(7) 6.0–6.5

(1) By pound Nov. 5–Jan. 21; by 50 lb. bag, Jan. 28–Apr. 14.
(2) By dozen (estimated at 40 lbs.) Nov. 5–Nov. 19, and by 50 lb. bag Nov. 26–Apr. 21.
(3) In crates (estimated at 40 lbs.) Nov. 5–Feb. 4, and in 50 lb. bags Feb. 11–Apr. 21.
(4) In 50 lb. bags.
(5) By pound.
(6) By pound Nov. 5–Feb. 4, 80–85 lb. bags Feb. 11–Mar. 31, and 50 lb. bags, Apr. 7–28.
(7) Imported.
(8) Imported cabbage sold in Calgary at 4.8–6.0 cents from Feb. 18 to Mar. 31 and at 6.0–6.7 cents from Apr. 7–14.

TABLE 3.—WHOLESALE TO RETAIL PRICES FOR SELECTED FRESH VEGETABLES IN SIX CANADIAN CITIES, BY WEEKS NOVEMBER 5, 1947 TO APRIL 21, 1948(1)—*Continued*

Date	Onions (in cents per pound)					
	Halifax	Montreal	Toronto	Winnipeg	Calgary	Vancouver
	Ont. Yellow No. 1(1)	Ont. Yellow No. 1(1)	Ont. Yellow No. 1(1)	B.C. Yellow No. 1(1)	B.C. Yellow No. 1(2)	B.C. Yellow No. 1(1)
1947						
November 5	4.0	3.0-3.3	2.7-3.0	3.7-4.0	4.7	4.0-4.5
12	4.0	3.0-3.3	2.7-3.0	3.9-4.0	4.7	4.0-4.5
19	4.0	3.0-5.0	2.7-3.2	4.0	4.7-4.8	4.0-5.0
26	4.0-5.0	4.5-7.0	4.0-5.0	4.0-5.0	4.7-5.8	4.5-5.5
December 3	5.0	5.2-6.0	4.7-5.0	5.0	5.8-6.0	5.5
10	5.0-5.5	5.0-5.5	4.5-5.0	5.0	5.8-6.0	5.5
17	5.5	....	4.5-4.7	5.0-5.5	5.8-6.0	5.5
24	5.5	5.0-5.5	4.5-5.0	5.0-5.5	5.8-6.0	4.5-5.0
31	5.0	5.0-5.5	4.5-5.0	5.0-5.5	5.8-6.0	5.5
1948						
January 7	6.0	5.5-6.0	5.0-5.5	5.2-5.4	5.8-6.1	5.2-5.5
14	6.0	5.5-6.0	5.0-5.5	5.4-5.5	6.1-6.3	5.2-5.5
21	7.0	4.5-6.5	5.2-5.3	6.0	6.1-6.7	5.5-5.5
28	7.0	6.0-7.0	5.5-6.0	6.0	6.7	5.3-6.0
February 4	7.0	6.0-7.5	5.5-6.0	6.5-7.0	6.7-7.0	5.5-6.0
11	8.0	7.0-8.0	6.5-7.0	7.0	6.9-7.1	5.5-6.5
18	8.0	7.0-9.5	7.5-8.5	7.5	7.0-7.1	6.5-7.0
25	9.0	7.5-9.5	8.0-8.5	7.5	7.0-7.1	7.5-8.0
March 3	9.0	8.0-8.5	8.0-8.5	10.5	7.0	8.0
10	10.0	7.0-8.5	7.0-7.5	....	7.0	8.0-8.5
17	9.0-10.0	7.0-8.0	7.5-7.5	10.0	...	8.0-8.5
24	9.0	7.0-8.5	7.0-9.0	9.5-10.0	...	8.0-8.5
31	9.0	8.0-9.5	8.0-10.0	9.5-10.0	(3)8.0	(3)7.5
April 7	9.0	8.0-9.0	8.5-10.0	(3)8.5-9.5	(3)8.0	(3)7.5-8.5
14	9.0	8.0-13.0	9.0-10.0	(3)8.5-9.5	(3)8.0	(3)7.5-8.5
21	9.0-10.0	12.0-14.0	10.0-12.5	(3)8.5-9.5	....	(3)7.5-8.5

(1) In 50 lb. bags.
(2) In 10 lb. bags Nov. 5-Mar. 10, and in 50 lb. bags Mar. 31-Apr. 14.
(3) Imported.

TABLE 3.—WHOLESALE TO RETAIL PRICES FOR SELECTED FRESH VEGETABLES IN SIX CANADIAN CITIES, BY WEEKS NOVEMBER 5, 1947 TO APRIL 21, 1948(1)—*Continued*

Date	Celery (in cents per pound)					
	Halifax	Montreal	Toronto	Winnipeg	Calgary	Vancouver
	Ont. White(1)	Ont. White(1)	Ont. White(1)	B.C. Green(1)	B.C. Pascal(2)	B.C. Pascal(1)
1947						
November 5	(3) 5.4	3.8–4.6	1.9–2.3	7.0	6.3–7.1	5.0–5.5
12	(3) 5.4	3.1–4.2	2.3–3.1	7.0	6.3–7.5	5.0–5.5
19	(3) 5.4–5.8	3.8–6.2	3.1–3.8	7.0	7.1–7.5	4.5–5.0
26	5.8–6.5	5.4–7.7	3.8–4.6	9.0–12.0	6.8–9.6	5.0–10.0
December 3	7.7	5.4–6.9	3.1–5.0	12.0	9.6	8.0–10.0
10	7.7–8.1	6.2–6.9	3.8–5.4	12.0	9.6–11.7	10.0
17	8.1	....	3.8–5.4	12.0	11.6–11.7	10.0
24	8.1	6.9–9.2	3.8–5.4	12.0	11.6	10.0–10.5
30	....	7.7–10.8	5.4–6.2	12.0	11.6	10.0–10.5
1948						
January 7	....	10.8–12.3	4.6–6.9	....	11.6	....
14	....	10.8–15.4	5.4–7.7	....	....	....
21	....	13.8–16.9	(4) 9.2–14.6	....	....	....
28	....	12.3–15.4	(4) 11.5–13.8	....	....	....
February 4	....	12.3–18.5	(4) 13.1–15.4	....	....	....
11	....	....	....	....	....	....
18	....	....	....	....	....	....
25	....	....	....	....	....	....
March 3	....	....	....	....	....	....
10	....	....	....	....	....	....
17	....	....	....	....	....	....
24	....	....	....	....	....	....
31	....	....	....	....	....	....
April 7	(5) 6.1	(5) 5.8–6.0	(5) 6.2	(5) 5.7–6.7	(5) 6.0–6.7	(5) 6.0–6.5
14	(5) 6.1–6.6	(5) 6.0–7.1	(5) 6.2	(5) 6.7–6.9	(5) 6.0–6.7	(5) 6.0–6.5
21	(5) 6.6–7.8	(5) 7.5–7.9	....	(5) 6.7–7.8	(5) 6.3–7.3	(5) 6.0–6-5

(1) In crates (estimated at 65 lbs. in Eastern Canada and 50 lbs. in Western Canada) for domestic produce and in 50 lb. pkgs. for imported produce.
(2) In 60 lb. crates for domestic produce, 100 lb. crates for imported produce.
(3) Pascal variety.
(4) Green variety.
(5) Imported.

TABLE 4—WHOLESALE AND RETAIL PRICES OF SIZE 288 ORANGES IN TORONTO MARKET, OCTOBER 1947 TO APRIL 1948

(in cents per dozen)

Variety	Date (1)	Producer to wholesaler price (2)	Wholesaler to retailer price (3)	Average retail price (4)	Price spread: Producer to wholesaler	Price spread: Wholesaler to retailer
Valencia	Oct. 23...	18.1			4.2	
	Oct. 30...		22.3			8.2
	Nov. 6...			30.5		
Navel	Nov. 20...	17.1			9.0	
	Nov. 27...		26.1			9.5
	Dec. 4...			35.6		
	Dec. 24...	18.1			4.8	
	Dec. 31...		22.9			10.8
	Jan. 8...			33.7		
	Jan. 22...	18.1			8.8	
	Jan. 29...		26.9			9.1
	Feb. 5...			36.0		
	Feb. 19...	18.1			2.9	
	Feb. 26...		21.0			9.1
	Mar. 4...			30.1		
	Mar. 18...	19.2			3.1	
	Mar. 25...		22.3			7.3
	Apr. 1...			29.6		

(1) Dates have been staggered so as to indicate more accurately the price spread between producer, wholesaler and retailer levels.

(2) F.O.B. California prices as supplied by the California Fruit Growers Exchange, Toronto, plus $1.[illegible] per crate shipping charges. These charges are composed of freight ($1.45), refrigeration (9 cents), [illegible] charges (2 cents), exchange (2 cents), and custom entry and freight charges (4 cents). The refrigeration charges are subject to variation depending on in-transit weather and district from which shipped.

(3) Based on wholesaler to retailer price of two Toronto firms.

(4) Independent retail merchants retail prices as provided by Prices Branch of Dominion Bureau of Statistics.

TABLE 5.—ESTIMATED DISPOSITION OF FRESH APPLES AND VEGETABLES IN CANADA, JULY 1 TO JUNE 30, 1946-47 AND 1947-48

(Thousands of pounds)

Item	Apples		Potatoes		Cabbage (1)		Carrots (1)		Onions (1)		Celery (1)	
	1946-47	1947-48	1946-47	1947-48	1946-47	1947-48	1946-47	1947-48	1946-47	1947-48	1946-47	1947-48
AVAILABLE SUPPLY—												
Commercial production	867,690	670,500	*4,796,300	*4,462,300	99,380	64,597	118,282	98,051	90,870	93,605	31,039	29,358
Add gross imports	16,285	8,230	34,134	17,142	31,353	18,915	45,541	15,546	27,131	14,848	30,816	10,818
Less gross exports	270,277	126,480	634,214	381,532	(2)	(2)	(3)	(3)	7,939	13,803	(2)	(2)
Total Supply	613,698	552,250	4,196,220	4,097,910	130,733	83,512	163,823	113,647	110,062	94,650	61,855	40,176
DISTRIBUTION OF SUPPLY—												
Fresh food	240,705	245,338	2,263,499	2,225,154	84,885	48,226	99,057	59,400	81,497	66,153	52,554	32,295
Processed food	198,641	172,400	106,249	87,293	16,300	16,300	35,639	35,640	9,034	9,034	(4)	(4)
Total food	439,346	417,738	2,369,748	2,312,447	101,185	64,526	134,696	95,040	90,531	75,187	52,554	32,295
Waste	174,352	134,512	1,230,072	1,143,463	29,548	18,986	29,127	18,607	19,531	19,463	9,301	7,881
Total supply	613,698	552,250	4,196,220	†4,097,910	130,733	83,512	163,823	113,647	110,062	94,650	61,855	40,176
Per capita consumption (in lbs.) (5)	19·4	19·3	182·7	175·4	10·1	6·9	10·8	7·4	9·4	8·0	4·2	2·5

SOURCE: Agricultural Division of Dominion Bureau of Statistics.
(1) These data are based on information received by mail from a limited number of growers and can be used only with reservation. They are, however, the best data available.
(2) No exports or not available because not reported in "Trade of Canada—Exports" (published by Dominion Bureau of Statistics).
(3) Not taken into account because not reported in "Trade of Canada—Exports". The Markets Information Service of the Department of Agriculture places these exports at 1,132,680 lbs. in 1946-1947, and at 8,043,850 lbs. in 1947-1948 (July 1 to March 1) (see Table 8).
(4) Not reported but believed to be small.
(5) Estimate of per capita consumption also takes account of non-commercial production, i.e. fruit and vegetables grown in home gardens.
* Commercial and non-commercial production.
† Total includes 596,400,000 lbs. of seed in 1946-47 and 642,000,000 lbs. of seed in 1947-1948.

TABLE 6.—PRICE MARK-UP AT THE PRODUCER LEVEL ON FRESH FRUIT AND VEGETABLES PERMITTED BY WAR-TIME PRICES AND TRADE BOARD TO COVER STORAGE COSTS AND SHRINKAGE LOSSES

(In cents per pound)

—	Base Price	Mark-Up Over Base Price						
		Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.
Apples	(1) 5.24	0.17	0.40	0.60	0.80	1.17		.....
Potatoes	(2) 2.22	0.07	0.14	0.21	0.21	0.27	0.34	0.41
Carrots, washed, waxed	(3) 2.50	..	0.25	0.50	1.00	1.25	1.50	1.50
Cabbage.	(4) 2.25		0.25	0.75	1.25	2.00	2.75	2.75
Onions	(5) 3.50	..	0.05	0.15	0.30	0.50	0.75	0.75

SOURCE: Wartime Prices and Trade Board Administration Orders A2108 (Apples), A1550 (Potatoes), A2088 (carrots and cabbage) and A1267 (Onions).

(1) B.C. No. 1 Fancy, wrapped, in boxes

(2) Canada No. 1 Large delivered at Grand Falls, N.B. in 75 lb. containers.

(3) All varieties. No. 1 grade. Island of Montreal and southern part of all provinces from Ontario west.

(4) All varieties except Red and Savoy. No. 1 grade. Island of Montreal and southern part of all provinces from Ontario west.

(5) Canada No. 1, of most varieties, f.o.b. Leamington, Ont., Winnipeg, Man., and Vernon, B.C.

TABLE 7.—IMPORTS OF FRUITS AND VEGETABLES INTO CANADA, BY MONTHS, 1938-39 AND 1946 TO 1948

—	Average 1938-39	1946	1947	1948
	Apples (in pounds)			
January	301,210	21,780	46,640	....
February	352,820	15,390	138,694	24,938
March	201,430	3,650	113,127	....
April	123,110	1,300	4,623,803	....
May	3,574,610	145	3,932,208	....
June	2,219,620	5,782,840	2,106,438	....
July	3,060,720	2,123,849	2,820,754	....
August	450,060	2,721,463	5,061,969	....
September	21,840	6,650	341,648	....
October	16,640	....	6,000	....
November	60,970	900	....	....
December	122,590	470,805	....	....
Total	10,305,620	11,148,772	19,191,281	....
	Oranges, mandarines (in cu. ft.)			
January	692,757	930,303	959,798	771,873
February	577,967	1,164,628	917,193	742,763
March	815,279	1,245,106	1,036,836	....
April	650,259	886,618	941,951	....
May	558,595	1,293,217	1,046,943	....
June	549,416	1,123,903	1,073,931	....
July	450,339	855,601	925,865	....
August	421,490	850,894	794,156	....
September	325,332	613,054	714,823	....
October	318,799	677,064	688,138	....
November	374,007	554,788	585,360	....
December	957,528	1,304,170	1,068,767	....
Total	6,691,768	11,499,346	10,653,752	....

—	Average 1938-39	1946	1947	1948
	Bananas (number of stems)			
January	113,839	367,013	206,725	180,990
February	121,766	334,127	247,619	180,606
March	259,964	459,424	327,062	....
April	120,093	463,259	374,116	....
May	385,591	475,084	422,567	....
June	434,431	597,392	396,148	....
July	470,419	528,340	411,867	....
August	399,663	515,213	357,782	....
September	306,068	528,940	250,469	....
October	192,077	376,212	249,632	....
November	151,987	370,992	191,648	....
December	128,418	306,322	213,831	....
Total	3,084,316	5,322,318	3,649,466	....
	Potatoes (except seed) (in hundred weight)			
January	1,369	307,392	2,076	12
February	2,998	371,423	....	....
March	7,949	784,258	1,488	....
April	12,627	940,504	6,703	....
May	78,998	217,349	27,474	....
June	233,421	483,937	177,487	....
July	39,970	127,798	157,985	....
August	11,903	18,449	3,837	....
September	3,397	155	7,010	....
October	1,665	3,100	1,640	....
November	4,658	638	209	....
December	1,660	2,908	26	....
Total	400,615	3,257,811	385,935	....

TABLE 7.—IMPORTS OF FRUITS AND VEGETABLES INTO CANADA, BY MONTHS, 1938-39 and 1946 and 1948—*Continued*

—	Average 1938-39	1946	1947	1948	Average 1938-39	1946	1947	1948
	Cabbage (in pounds)				Carrots (in pounds)			
January	749,631	2,401,719	415,937	....	695,188	3,403,081	118,380	....
February	1,636,184	7,323,539	1,611,704	15,828,788	1,177,823	5,395,065	1,738,455	....
March	3,316,631	6,096,646	7,928,010	....	3,295,444	9,860,621	9,110,182	....
April	3,947,981	8,933,914	8,168,624	....	3,491,338	10,079,490	9,648,253	....
May	7,462,631	13,139,214	8,463,602	....	5,566,606	9,966,942	13,415,776	....
June	2,286,814	5,151,997	7,332,677	....	5,130,663	9,927,012	10,740,302	....
July	28,153	28,330	281,953	....	762,310	3,593,179	4,646,724	....
August	28,895	....	8,880	....	140,153	154,537	212,652	....
September	8,500	....	263,745	....	1,207	....	2,500	....
October	....	45,176	4,540	....	90	45,450	....	....
November	3,665	....	1,000	....	7,014	161,352	82,312	....
December	91,622	85,822	....	....	192,588	774,903	8,200	....
Total	19,560,697	43,197,357	34,480,672	....	20,460,424	53,361,632	49,723,736	....
	Onions (in pounds)				Celery (in pounds)			
January	1,187,453	193,559	59,035	163,863	2,486,786	6,917,681	4,418,400	....
February	1,378,683	123,251	2,091,455	47,284	3,480,529	7,340,004	5,093,560	....
March	3,782,562	678,178	719,704	....	5,364,467	7,029,216	6,460,379	....
April	4,341,052	3,348,520	1,356,063	....	2,920,259	7,887,104	5,496,873	....
May	4,855,236	11,798,247	6,990,958	....	3,999,958	7,466,426	6,093,430	....
June	4,042,170	4,400,149	9,623,019	....	2,350,577	3,435,491	3,895,404	....
July	1,311,746	2,614,566	3,657,870	....	377,437	300,300	822,043	....
August	100,686	660,800	132,475	....	17,168	5,950	57,999	....
September	59,541	2,416,180	13,296	....	3,242	29,491	79,656	....
October	89,687	897,941	63,005	....	8,298	....	46,874	....
November	214,629	70,903	145,119	....	84,424	12,400	303,848	....
December	261,442	184,122	139,478	....	814,705	1,328,790	321,681	....
Total	21,644,068	27,586,416	24,991,477	....	22,007,850	41,752,853	33,090,147	....

Data supplied by the Dominion Bureau of Statistics.

TABLE 8.—EXPORTS OF APPLES AND VEGETABLES FROM CANADA, BY MONTHS, 1938-39 AND 1946 AND 1948

—	Average 1938-39	1946	1947	1948	Average 1938-39	1946	1947	1948
	Apples (in barrels)				Potatoes (in bushels)			
January	331,767	103,732	247,012	21,591	41,059	72,324	204,679	188,382
February	513,620	2,134	201,383	46,121	40,738	46,902	237,447	144,269
March	111,879	21	43,429	....	114,263	26,323	801,410	
April	27,975	27	22,941	....	70,311	40,571	852,705	
May	5,554	180	15,316	....	120,787	84,071	1,745,873	
June	2,577	....	999	....	70,431	24,660	2,256,311	
July	102	....	189	....	23,112	44,996	91,025	
August	1,204	....	513	....	11,056	54,803	314,787	
September	128,618	53,268	50,116	....	82,993	40,843	67,826	
October	519,061	357,303	246,051	....	68,987	193,049	258,135	
November	551,940	671,114	217,698	....	93,669	448,166	393,732	
December	308,390	389,286	92,324	....	63,916	137,196	445,611	
Total	2,502,686	1,577,065	1,137,971	....	801,322	1,213,904	7,669,541	
	Carrots (in pounds)				Onions (in pounds)			
January	....	467,250	2,330	635,150	269,000	632,850	919,200	2,235,650
February	....	127,600	146,000	283,350	28,400	349,150	443,250	1,687,750
March	127,350	70,550	137,450	....	24,350	325,550	303,000	
April	21,400	40,350	38,650	....	9,650	102,800	463,850	
May	72,700	3,000	30,650	....	7,400	165,400	303,950	
June	....	....	....	....	2,100	105,100	108,200	
July	....	10,850	85,700	....	10,300	61,850	29,700	
August	2,800	171,300	213,600	....	361,200	241,000	789,500	
September	6,250	26,100	64,950	....	1,432,650	743,300	1,278,450	
October	16,850	130,450	1,882,600	....	1,767,200	887,150	1,812,700	
November	20,300	278,950	3,258,250	....	1,383,100	2,408,050	4,959,600	
December	16,250	159,950	1,620,250	....	191,750	1,056,100	2,933,200	
Total	283,900	1,486,350	7,480,430	....	5,487,100	7,078,400	14,344,600	

Data supplied by Dominion Bureau of Statistics, except for carrots, which are supplied by Markets Information Service of the Department of Agriculture.

TABLE 9.—CANADIAN APPLES AND SELECTED FRESH VEGETABLES IN COLD AND COMMON STORAGE, BY MONTHS, 1945–1948

(Including holdings by commercial growers from December 1 to June 1)

—	1945	1946	1947	1948	1945	1946	1947	1948
	Apples (in bushels)				Potatoes (in tons)			
January	5,844,494	1,736,044	4,465,550	4,910,850	334,305	250,762	467,030	378,666
February	3,852,733	1,001,899	2,191,750	3,415,751	259,119	196,884	411,666	316,838
March	2,042,735	581,725	944,630	1,979,824	197,916	161,352	361,577	363,206
April	885,554	278,971	500,299	1,220,746	130,420	111,426	262,767	192,494
May	283,507	61,206	254,776		60,822	74,974	152,123	
June	48,445	12,574	97,820		28,806	14,501	62,670	....
July	6,433	15,562	23,089		1,847	3,869	6,722	
August	2,731	11,027	19,590		1,463	1,697	3,600	....
September	8,354	48,279	27,475		969	1,810	1,532	
October	97,791	332,297	200,254		2,487	3,453	3,407	
November	278,006	866,488	952,356		23,812	30,693	11,727	
December	2,711,261	7,360,776	6,545,986		298,490	536,797	550,097	
Total	16,062,044	12,306,848	16,223,575		1,340,456	1,388,318	2,294,918	
	Cabbage (in tons)				Carrots (in tons)			
January	6,332	4,755	5,223	2,530	12,528	10,666	11,364	8,261
February	3,567	1,930	3,301	460	5,921	5,538	8,133	4,157
March	1,909	772	2,018	1,501	3,764	4,524	4,779	1,775
April	1,001	483	1,557	914	2,807	2,948	3,554	1,437
May	398	497	730	....	2,004	1,916	2,375	
June	270	807	236	....	1,406	1,057	2,228	
July	149	253	234	....	90	329	1,445	
August	178	157	144	....	71	328	490	
September	168	390	77	....	289	327	290	
October	437	285	248	....	600	385	546	
November	3,315	3,153	3,019	....	7,229	8,277	8,188	
December	10,967	7,693	4,809		15,680	13,829	9,806	
Total	[illegible]	21,175	21,596		52,389	50,124	53,198	

TABLE 9.—CANADIAN APPLES AND SELECTED FRESH VEGETABLES IN COLD AND COMMON STORAGE, BY MONTHS, 1945–1948—*Continued*

(Including holdings by commercial growers from December 1 to June 1)

—	1945	1946	1947	1948	1945	1946	1947	1948
	Onions (in tons)				Celery (in crates)			
January	20,581	11,306	15,696	13,228	71,786	52,441	93,869	53,489
February	16,344	7,547	11,771	8,200	24,749	33,162	33,026	2,770
March	13,644	5,470	8,621	4,898	15,226	36,752	15,977	20
April	8,434	2,956	5,085	1,817	19,473	31,430	23,275	....
May	4,687	1,108	2,816	....	7,978	18,696	13,395	....
June	2,329	1,104	1,390	....	9,212	13,421	12,355	....
July	268	606	1,418	....	7,089	5,128	4,844	....
August	300	469	694	....	3,875	4,541	4,707	....
September	647	534	740	....	2,762	5,237	13,256	....
October	1,991	2,831	2,619	....	83,443	63,644	98,015	....
November	11,971	10,185	5,889	....	196,929	278,399	186,826	....
December	13,657	18,040	15,902	....	145,628	274,621	181,921	....
Total	94,853	57,156	72,641	28,143	588,150	817,472	681,466	56,279

Data supplied by Dominion Bureau of Statistics.

APPENDIX "B"

WARTIME PRICES AND TRADE BOARD

ERRATA NOTICE

to

ADMINISTRATOR'S ORDER NO. A-2483

Maximum Prices of Citrus Fruit

Section 12 of the above Order under the heading "Equitable Distribution" should be corrected as follows:

(*a*) by deleting the words "each buyer" in the second line of the Section and replacing them by the words "each other wholesale distributor";

(*b*) by deleting the words "such buyer" in the fourth line of the Section and replacing them by the words "such wholesale distributor".

Every copy of the above Order should be corrected to read as set forth above.

Ottawa, February 20, 1948.

WARTIME PRICES AND TRADE BOARD

ADMINISTRATOR'S ORDER NO. A-2492

Maximum Prices of Citrus Fruit

Under powers given by the Wartime Prices and Trade Board to the Co-ordinator, Foods Adminstration, it is hereby ordered as follows:

1. This Order comes into force on March 25, 1948.

2. Administrator's Order N. A-2483 is hereby amended by inserting the following at the end of subsection (1) of Section 4 thereof immediately after the word "relates":

> and provided further that the maximum price at which any wholesale distributor may sell any oranges shall not in any event exceed the price at which he may sell oranges of the same or a similar variety, pack and size which were purchased from the California Fruit Growers Exchange at their list price for sales to Canadian importers in force at the time of shipment of such oranges to such wholesale distributor.

Dated at Ottawa this 22nd day of March, 1948.

F. S. GRISDALE,
Co-ordinator,
Foods Administration.

Approved:
K. W. TAYLOR,
Chairman,
Wartime Prices and Trade Board.

WARTIME PRICES AND TRADE BOARD

ADMINISTRATOR'S ORDER NO. A-2496

Maximum Prices of Citrus Fruit

Under powers given by the Wartime Prices and Trade Board to the Co-ordinator, Foods Administration, it is hereby ordered as follows:

1. This Order comes into force on April 5, 1948.

2. Administrator's Order No. 2483 is hereby amended by deleting from the proviso to subsection (1) of Section 4 thereto, which was inserted immediately after the word "relates" by Administrator's Order No. A-2492, the words "oranges of the same or a similar variety, pack and size" where they appear in such proviso and by substituting therefor the following words:

"Sunkist oranges of the same size".

Dated at Ottawa, this 2nd day of April, 1948.

F. S. GRISDALE,
Co-ordinator,
Foods Administration.

Approved:
K. W. TAYLOR,
Chairman,
Wartime Prices and Trade Board.

WARTIME PRICES AND TRADE BOARD

ADMINISTRATOR'S ORDER NO. A-2488

Maximum Prices of Carrots

Under powers given by the Wartime Prices and Trade Board to the Co-ordinator, Foods Administration, it is hereby ordered as follows:

Application and Effective Date

1. This Order comes into force on March 5, 1948, and fixes maximum prices for carrots whether Canadian grown or imported. The maximum prices for carrots fixed by this Order are for carrots without tops.

2. All prices fixed by this Order are maximum prices and must not be exceeded. No charge may be made for a container or for packing, handling or any other service which results in the sum of the price and the charge for the container, packing, handling and/or service exceeding the maximum price.

Definitions—Zones

3. (1) For the purposes of this Order the following zones are established:

(*a*) Zone No. 1 composed of,

(i) that part of the province of Ontario south of a line drawn parallel to and always ten miles north of the Canadian Pacific Railway line from Spanish to Sudbury and from Sudbury to Mattawa;

(ii) the Island of Montreal;

(iii) those parts of the provinces of Manitoba and Saskatchewan south of a line which is 53 degrees 30 minutes north latitude;

(iv) that part of the province of Alberta south of the 54th parallel of north latitude; and

(v) that part of the province of British Columbia south of the 52nd parallel of north latitude;

(*b*) Zone No. 2 composed of those parts of Canada not included in Zone No. 1.

(2) In this Order "Zone" means a zone described in subsection (1) preceding.

Other Definitions

4. For the purposes of this Order,

(*a*) "sell" includes offer to sell and "buy" includes offer to buy;

(*b*) "wholesaler distributor" means a person who in any sale, sells carrots at wholesale and "sell at wholesale" means to sell otherwise than at retail.

Sales by Wholesale Distributors

5. (1) The maximum price at which a wholesale distributor may sell any carrots shall be, f.o.b., his place of business:

(*a*) 7 cents per pound if his place of business is situated in Zone No. 1; and

(*b*) $7\frac{1}{4}$ cents per pound if his place of business is situated in Zone No. 2.

(2) Notwithstanding the provisions of subsection (1) of this Section, if a wholesale distributor has purchased any carrots from another wholesale distributor whose place of business is situated in another city, town or village he may, with the approval in writing of the Co-ordinator, Foods Administration, or of some other duly authorized representative of the Board, add to his selling price, shown as a separate item on his invoice to his buyer, an amount not exceeding the actual cost incurred by him in transporting the carrots by freight to the city, town or village in which his place of business is situated from the city, town or village in which his supplier's place of business is situated.

Delivery to be Free in Certain Cases

6. If the sale of carrots by a wholesale distributor is to a buyer whose place of business is within the limits of the city, town or village in which the wholesale distributor has his place of business or is within the wholesale distributor's customary free delivery zone, delivery shall be free to that buyer.

Prepayment of Transportation Charges

7. At the request of a buyer, a wholesale distributor may prepay the charge for transporting any shipment of carrots to the city, town or village in which the buyer has his place of business, but in that event he must show such charge as a separate item on his sales invoice to the buyer.

Sales at Retail

8. (1) The maximum price at which any person may sell at retail any carrots purchased by him from a wholesale distributor in Canada shall be the sum of the following:

(*a*) the actual price paid by him for the carrots but not exceeding the maximum price that may be charged by his supplier under the provisions of this Order;

(*b*) if his supplier is not by this Order required to deliver free to him, the actual cost of transporting the carrots from his supplier's shipping point to the city, town or village in which he has his place of business; and

(*c*) a markup not exceeding 30 per cent of his selling price.

(2) The maximum price at which any person may sell at retail any carrots imported by him shall be the sum of the following:

(*a*) an amount equal to

(i) 6 cents per pound if his place of business is situated in Zone No. 1; or

(ii) $6\frac{1}{4}$ cents per pound if his place of business is situated in Zone No. 2:

(*b*) a markup not exceeding 35 per cent of his selling price.

Sales must be by Weight

9. No person shall sell any carrots except by weight and for the purposes of determining the maximum price of any carrots the net weight thereof, in the original container in which they were packed when received by the seller shall be deemed to be

(*a*) as stamped or marked on the original container; or

(*b*) if not so stamped or marked, as shown on his supplier's invoice; or

(*c*) if neither so stamped or marked nor shown on his supplier's invoice, that which is actually in the original container when received by him.

Records of Sales and Purchases

Sales Invoices

10. (1) On every sale of carrots other than a sale at retail the seller shall at the time of delivery of the carrots furnish the buyer with an invoice showing:

(*a*) the name and identifying address of the seller and the buyer and the date of sale; and

(*b*) the weight of the carrots sold and the price per pound charged.

(2) Every such seller shall keep a duplicate copy of each invoice furnished by him as required by this Section.

Records of Purchases

11. (1) Every person, other than the importer of carrots, who buys any carrots for resale shall, at the time of delivery of the carrots to him obtain from his supplier an invoice completed in accordance with the provisions of subsection (1) of Section 10, covering that transaction; (2) Every person who imports carrots for resale shall, before selling such carrots, record on the copy of the invoice furnished him by his supplier any of the particulars referred to in subsection (1) of Section 10 which are not recorded on that invoice when it is received by him; (3) Every person who buys any carrots for resale shall, at the time of delivery of the carrots to him, obtain a receipted bill covering any amount paid by him for the transportation of the carrots.

Retention and Inspection of Invoices and Transportation Receipts

12. Every duplicate copy of an invoice which a seller of carrots is required by this Order to make and keep and every invoice and transportation bill or receipt which a person who buys carrots for resale obtains, shall be kept by him available for inpection by any authorized representative of the Board at any time within twelve months of the date of the transaction to which it relates.

Sales Slips on Sales at Retail

13. Every person who sells any carrots at retail shall upon request of the buyer furnish him with a sales slip showing the date of sale, the seller's name and address, the quantity and price of the carrots sold.

Dated at Ottawa, this 3rd day of March, 1948.

F. S. GRISDALE,
Co-ordinator,
Foods Administration.

Approved:
K. W. TAYLOR,
Chairman,
Wartime Prices and Trade Board.

WARTIME PRICES AND TRADE BOARD

Administrator's Order No. A-2489

Variation of Maximum Markups for Certain Sales at Wholesale and Retail of Imported Carrots

In order to ensure the continued distribution of certain imported carrots during the periods when their increased laid-in cost to wholesale distributors prevents normal merchandising, it is necessary while preserving present maximum prices on sales to consumers to readjust the markups available to wholesalers and retailers on the sales of such carrots and to vary the maximum prices for sales at wholesale.

Therefore under powers given by the Wartime Prices and Trade Board to the Co-ordinator, Foods Administration, it is hereby ordered as follows:—

1. This Order comes into force on March 15, 1948.

2. For the purpose of this Order, any word or expression which by Administrator's Order No. A-2488 is given a defined meaning shall have the same meaning when used in this Order.

3. (1) Whenever a wholesale distributor's laid-in cost of any carrots imported by him exceeds $6\frac{3}{5}$ cents per pound if his place of business is situated in Zone No. 1 or $6\frac{4}{5}$ cents per pound if his place of business is situated in Zone No. 2, he may make application to the Co-ordinator, Foods Administration or to the nearest office of the Board for a variation of the maximum price at which he may sell such imported carrots.

(2) Such application shall show in respect of such imported carrots the following particulars:—

(*a*) the wholesale distributor's actual laid-in cost of the imported carrots;

(*b*) the maximum price in accordance with the provisions of Section 4 of this Order, at which he proposes to sell the imported carrots to other wholesale distributors and to retailers;

(*c*) the amount of markup (in dollars and cents) which would be available to a customer situated in the importing wholesale distributor's customary free delivery zone on a sale of imported carrots purchased from him at the price set out in clause (*b*) of this subsection; and

(*d*) such other information as may be required.

4. (1) Subject to the provisions of subsection (2) of this Section, on application of a wholesale distributor filed pursuant to the provisions of Section 3 of this Order, the said Co-ordinator or a duly authorized officer of the Board may fix the portion of the gross combined markup available to a wholesale distributor or distributors and to a retailer that may be obtained by each of them on a sale of imported carrots; and notwithstanding anything contained in said Order No. A-2488 may vary the maximum price at which such imported carrots may be sold by the importing wholesale distributor to a retailer and if he proposes to sell them to another wholesale distributor, may vary the maximum price at which he may sell such carrots to other wholesale distributors and the price at which any wholesale distributor may sell them to a retailer.

(2) The amount of markup remaining to a retailer pursuant to any fixation under the provisions of subsection (1) of this Section shall not in any event be less than 75 per cent of the gross combined markup available to the wholesale distributor or distributors and the retailer, the same to be calculated on the basis of the importing wholesaler's landed cost and the maximum price at retail in his free delivery zone.

(3) Whenever a wholesale distributor sells to a retailer or to another wholesale distributor any imported carrots for which his maximum price has been

varied pursuant to subsection (1) of this Section, he shall show on his invoice therefor the amount of markup (in dollars and cents) remaining for a retailer (and if the purchaser is another wholesale distributor also showing the amount of markup remaining for him).

5. The maximum price at which any person may sell at retail any imported carrots for which the maximum price on sales to him by his supplier has been varied pursuant to Section 4 of this Order shall be

(*a*) if his place of business is situated within the area in which his supplier is required to make free delivery, the sum of

(i) the actual price paid by him for the imported carrots but not exceeding the maximum price at which his supplier may sell the imported carrots to him; and

(ii) the markup (in dollars and cents) that may be taken by him, as designated on the invoice furnished him by his supplier;

(*b*) if his place of business is situated elsewhere than within the area in which his supplier is required to make free delivery, the sum of

(i) the actual price paid by him for the imported carrots but not exceeding the maximum price at which his supplier may sell the imported carrots to him;

(ii) the markup (in dollars and cents) that may be taken by him as designated on the invoice furnished him by his supplier;

(iii) the transportation charges not included in such actual price, which he paid in transporting the imported carrots from his supplier's shipping point to the city, town or village in which his place of business is situated, but not exceeding the cost of shipping by freight; and

(iv) an amount equal to 30 per cent of the transportation charges referred in paragraph (iii) of this clause.

6. Nothing in this Order shall be deemed to authorize the sale at retail of any imported carrots to which this Order applies at a price higher than the maximum price fixed for a sale at retail of that produce by the provisions of said Order No. A-2488.

Dated at Ottawa, this 9th day of March, 1948.

F. S. GRISDALE,
Co-ordinator, Foods Administration.

Approved:
K. W. TAYLOR,
Chairman,
Wartime Prices and Trade Board.

WARTIME PRICES AND TRADE BOARD

Administrator's Order No. A-2470

Maximum Prices of Cabbage

Under powers given by the Wartime Prices and Trade Board to the Co-ordinator, Foods Administration, it is hereby ordered as follows:

Application and Effective Date

1. This Order comes into force on FEBRUARY 2, 1948 and fixes maximum prices for cabbage whether Canadian grown or imported. The maximum prices for cabbage fixed by this Order are for cabbage properly trimmed.

2. All prices fixed by this Order are maximum prices and must not be exceeded. No charge may be made for a container or for packing, handling or any other service which results in the sum of the price and the charge for the container, packing, handling and or service exceeding the maximum price.

Definitions—Zones

3. (1) For the purposes of this Order the following zones are established

(*a*) Zone No. 1 composed of,

(i) that part of the province of Ontario south of a line drawn parallel to and always ten miles north of the Canadian Pacific Railway line from Spanish to Sudbury and from Sudbury to Mattawa;

(ii) the Island of Montreal;

(iii) those parts of the provinces of Manitoba and Saskatchewan south of a line which is 53 degrees 30 minutes north latitude;

(iv) that part of the province of Alberta south of the 54th parallel of north latitude; and

(v) that part of the province of British Columbia south of the 52nd parallel of north latitude;

(*b*) Zone No. 2 composed of those parts of Canada not included in Zone No. 1.

(2) In this Order "Zone" means a zone described in subsection (1) preceding.

Other Definitions

4. For the purposes of this Order,

(*a*) "sell" includes offer to sell and "buy" includes offer to buy;

(*b*) "wholesale distributor" means a person who in any sale, sells cabbage at wholesale and "sell at wholesale" means to sell otherwise than at retail.

Sales by Wholesale Distributors

5. (1) The maximum price at which a wholesale distributor may sell any cabbage shall be, f.o.b. his place of business:

(*a*) 6 cents per pound if his place of business is situated in Zone No. 1, and

(*b*) 6¼ cents per pound if his place of business is situated in Zone No. 2.

(2) Notwithstanding the provisions of subsection (1) of this Section, if a wholesale distributor has purchased any cabbage from another wholesale distributor whose place of business is situated in another city, town or village he may, with the approval in writing of the Co-ordinator, Foods Administration or of some other duly authorized representative of the Board, add to his selling price, shown as a separate item on his invoice to his buyer, an amount not exceeding the actual cost incurred by him in transporting the cabbage by freight to the city, town or village in which his place of business is situated from the city, town or village in which his supplier's place of business is situated.

Delivery to be Free in Certain Cases

6. If the sale of cabbage by a wholesale distributor is to a buyer whose place of business is within the limits of the city, town or village in which the wholesale distributor has his place of business or is within the wholesale distributor's customary free delivery zone, delivery shall be free to that buyer.

Prepayment of Transportation Charges

7. At the request of a buyer, a wholesale distributor may prepay the charge for transporting any shipment of cabbage to the city, town or village in which the buyer has his place of business, but in that event he must show such charge as a separate item on his sales invoice to the buyer.

Sales at Retail

8. (1) The maximum price at which any person may sell at retail any cabbage purchased by him from a wholesale distributor in Canada shall be the sum of the following:

(a) the actual price paid by him for the cabbage but not exceeding the maximum price that may be charged by his supplier under the provisions of this Order;

(b) if his supplier is not by this Order required to deliver free to him the actual cost of transporting the cabbage from his supplier's shipping point to the city, town or village in which he has his place of business; and

(c) a markup not exceeding 30 per cent of his selling price.

(2) The maximum price at which any person may sell at retail any cabbage imported by him shall be the sum of the following:

(a) an amount equal to

(i) 5 cents per pound if his place of business is situated in Zone No. 1; or

(ii) $5\frac{1}{4}$ cents per pound if his place of business is situated in Zone No. 2;

(b) a markup not exceeding 35 per cent of his selling price.

Sales by Containers by Wholesale Distributors

9. (1) Notwithstanding the other provisions of this Order, for the purpose of determining the maximum price per container of any cabbage when sold by a wholesale distributor by the container in a container listed in the table to this Section, the net weight of such cabbage in the container shall be deemed to be the net weight shown in such table; provided, however, no wholesale distributor shall sell by the container any cabbage which is packed in any such container unless the net weight thereof at the time of delivery to the buyer is equal to or more than the net weight shown in the table.

TABLE

Kind of Cabbage	Description of container	Net weight
1. Domestic Grown New Cabbage	bushel hamper	30 lbs.
2. Domestic Grown New Cabbage	orange box	35 lbs.
3. Domestic Grown New Cabbage	Leamington crate	40 lbs.
4. Domestic Grown Savoy Cabbage	bushel hamper	30 lbs.
5. Domestic Grown Savoy Cabbage	orange box	35 lbs.
6. Domestic Grown Other Cabbage	bushel hamper	40 lbs.
7. Domestic Grown Other Cabbage	orange box	45 lbs.
8. Imported Savoy Cabbage	Los Angeles crate	67 lbs.
9. Imported Other Cabbage	Los Angeles crate	85 lbs.
10. Imported Cabbage	bag	minimum net weight marked on the bag

NOTE: In this table "new cabbage" means cabbage, other than savoy cabbage, sold before September 1 of the year in which it is grown.

(2) When a wholesale distributor sells a domestic grown cabbage packed in a container listed in the table to subsection (1) preceding and the net weight thereof at the time of delivery to the buyer is less than the net weight shown in such table, such cabbage shall be priced and sold by him by weight and he shall show on his sales invoice the actual net weight of the cabbage sold.

Sales at Retail of Cabbage Purchased by the Container

10. Notwithstanding the other provisions of this Order, if a retailer purchases by the container any cabbage packed in a container listed in the table to subsection (1) of Section 9, the net weight of the cabbage in such container when received by him shall, for the purpose of determining the maximum price of the quantity priced and sold, be deemed to be the net weight shown in such table for that container.

RECORDS OF SALES AND PURCHASES

Sales Invoices

11. (1) On every sale of cabbage other than a sale at retail the seller shall at the time of delivery of the cabbage, furnish the buyer with an invoice showing:

(*a*) the name and identifying address of the seller and the buyer and the date of sale;

(*b*) if the cabbage is sold by the container (other than in bags) in accordance with Section 9, the description of the container and the price per container charged;

(*c*) if clause (*b*) preceding does not apply, the weight of the cabbage sold and the price per pound charged.

The following abbreviations may be used on the invoice to describe the container:

Container	*Abbreviation*
Bushel Hamper	Hpr
Orange Box	Box
Leamington Crate	Leam Crt
Los Angeles Crate	LA

(2) Every such seller shall keep a duplicate copy of each invoice furnished by him as required by this section.

Records of Purchases

12. (1) Every person, other than the importer of cabbage, who buys any cabbage for resale shall, at the time of delivery of the cabbage to him, obtain from his supplier an invoice completed in accordance with the provisions of subsection (1) of Section 11, covering that transaction; (2) every person who imports cabbage for resale shall, before selling such cabbage, record on the copy of the invoice furnished him by his supplier any of the particulars referred to in subsection (1) of Section 11 which are not recorded on that invoice when it is received by him. In recording such particulars such importer may use any abbreviation provided for in Section 11; (3) every person who buys any cabbage for resale shall, at the time of delivery of the cabbage to him, obtain a receipted bill covering any amount paid by him for the transportation of the cabbage.

Retention and Inspection of Invoices and Transportation Receipts

13. Every duplicate copy of an invoice which a seller of cabbage is required by this order to make and keep and every invoice and transportation bill or receipt which a person who buys cabbage for resale obtains, shall be kept by him available for inspection by any authorized representative of the Board at any time within twelve months of the date of the transaction to which it relates.

Sales Slips on Sales at Retail

14. Every person who sells any cabbage at retail shall upon request of the buyer furnish him with a sales slip showing the date of sale, the seller's name and address, the quality and price of the cabbage sold.

Dated at Ottawa, this 28th day of January, 1948.

F. S. GRISDALE,
Co-ordinator,
Foods Administration.

Approved:
K. W. TAYLOR,
Chairman,
Wartime Prices and Trade Board.

OFFICE CONSOLIDATION

Wartime Prices and Trade Board

Administrator's Order No. A-2489

Variation of Maximum Markups for Certain Sales at Wholesale and Retail of Imported Carrots and Cabbage

(Consolidated as amended by Administrator's Order No. A-2494)

In order to ensure the continued distribution of certain imported carrots and cabbage during the periods when their increased laid-in cost to wholesale distributors prevents normal merchandising, it is necessary while preserving present maximum prices on sales to consumers to readjust the markups available to wholesalers and retailers on the sale of such carrots and cabbage and to vary the maximum prices for sales at wholesale.

Therefore under powers given by the Wartime Prices and Trade Board to the Co-ordinator, Foods Administration, it is hereby ordered as follows:

1. This Order comes into force on March 15, 1948.

2. For the purpose of this Order, any word or expression which by Administrator's Order No. A-2488 is given a defined meaning shall have the same meaning when used in this Order.

3. (1) Whenever a wholesale distributor's laid-in costs

(*a*) of any carrots imported by him exceeds $6\frac{3}{5}$ cents per pound if his place of business is situated in Zone 1 or $6\frac{4}{5}$ cents per pound if his place of business is situated in Zone 2, or

(*b*) of any cabbage imported by him exceeds $5\frac{3}{5}$ cents per pound if his place of business is situated in Zone 1 or $5\frac{4}{5}$ cents per pound if his place of business is situated in Zone 2,

he may make application to the Co-ordinator, Foods Administration, or to the nearest office of the Board for a variation of the maximum price at which he may sell such imported carrots or cabbage. (Subsection (1) as replaced by Administrator's Order No. A-2494).

(2) Such application shall show in respect of such imported carrots or cabbage the following particulars:

(*a*) the wholesale distributor's actual laid-in cost of the imported carrots or cabbage;

(*b*) the maximum price in accordance with the provisions of Section 4 of this Order, at which he proposes to sell the imported carrots or cabbage to other wholesale distributors and to retailers;

(*c*) the amount of markup (in dollars and cents) which would be available to a customer situated in the importing wholesale distributor's customary free delivery zone on a sale of imported carrots or cabbage purchased from him at the price set out in clause (*b*) of this subsection; and

(*d*) such other information as may be required.

4. (1) Subject to the provisions of subsection (2) of this Section, on application of a wholesale distributor filed pursuant to the provisions of Section 3 of this Order, the said Co-ordinator or a duly authorized officer of the Board may fix the portion of the gross combined markup available to a wholesale distributor or distributors and to a retailer that may be obtained by each of them on a sale of imported carrots or cabbage; and notwithstanding anything con-

tained in said Order No. A-2488 or Administrator's Order No. A-2470, may vary the maximum price at which such imported carrots or cabbage may be sold by the importing wholesale distributor to a retailer and if he proposes to sell them to another wholesale distributor, may vary the maximum price at which he may sell such carrots or cabbage to other wholesale distributors and the price at which any wholesale distributor may sell them to a retailer; (2) The amount of markup remaining to a retailer pursuant to any fixation under the provisions of subsection (1) of this Section shall not in any event be less than 75 per cent of the gross combined markup available to the wholesale distributor or distributors and the retailer, the same to be calculated on the basis of the importing wholesaler's landed cost and the maximum price at retail in his free delivery zone; (3) Whenever a wholesale distributor sells to a retailer or to another wholesale distributor any imported carrots or cabbage for which his maximum price has been varied pursuant to subsection (1) of this Section, he shall show on his invoice therefor the amount of markup (in dollars and cents) remaining for a retailer (and if the purchaser is another wholesale distributor also showing the amount of markup remaining for him).

5. The maximum price at which any person may sell at retail any imported carrots or cabbage for which the maximum price on sales to him by his supplier has been varied pursuant to Section 4 of this Order shall be

(*a*) if his place of business is situated within the area in which his supplier is required to make free delivery, the sum of
  (i) the actual price paid by him for the imported carrots or cabbage but not exceeding the maximum price at which his supplier may sell the imported carrots or cabbage to him; and
  (ii) the markup (in dollars and cents) that may be taken by him as designated on the invoice furnished him by his supplier;

(*b*) if his place of business is situated elsewhere than within the area in which his supplier is required to make free delivery the sum of
  (i) the actual price paid by him for the imported carrots or cabbage but not exceeding the maximum price at which his supplier may sell the imported carrots or cabbage to him;
  (ii) the markup (in dollars and cents) that may be taken by him as designated on the invoice furnished him by his supplier;
  (iii) the transportation charges not included in such actual price which he paid in transporting the imported carrots or cabbage from his supplier's shipping point to the city, town or village in which his place of business is situated, but not exceeding the cost of shipping by freight; and
  (iv) an amount equal to 30 per cent of the transportation charges referred in paragraph (iii) of this clause.

6. Nothing in this Order shall be deemed to authorize the sale at retail of any imported carrots or cabbage to which this order applies at a price higher than the maximum price fixed for a sale at retail of such carrots by the provisions of said Order No. A-2488 and of such cabbage by the provisions of Administrator's Order No. A-2470.

(Section 6 as replaced by Administrator's Order No. A-2494).

Dated at Ottawa, this 9th day of March, 1948.

F. S. GRISDALE,
Co-ordinator,
Foods Administration.

Approved:
K. W. TAYLOR,
Chairman,
Wartime Prices and Trade Board.

DEPARTMENT OF FINANCE

Emergency Import Control Division

Ottawa, April 20, 1948.

To Holders of Quota Permits in Category 1:

I am directed by the Minister of Finance to advise you that, having regard to the adequate supplies of potatoes in Canada and the relatively high price of new potatoes, the quota established for you for goods in Category 1, of Schedule II of the Emergency Exchange Conservation Act has been varied to exclude potatoes during the period April 22nd to June 7th, 1948, and during that period this quota cannot be used for the importation of any commodities in Tariff Item No 83, "Potatoes, as hereunder defined:

(*a*) In their natural state.
(*b*) Dried, desiccated, or dehydrated.
(*c*) Sweet potatoes in their natural state.
(*d*) Sweet potatoes, n.o.p."

This variation does not apply to potatoes that have been delivered to and were in the custody or possession of a common carrier and were in the course of continuous and uninterrupted transportation to Canada on April 21st.

K. W. TAYLOR,
Assistant Deputy Minister.

Gov. Doc
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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE ON PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 56

TUESDAY, MAY 11, 1948

WITNESSES:

Mr. M. M. Robinson, Secretary-Treasurer, Ontario Fruit and Vegetable Growers' Association, Toronto, Ont.

Mr. R. D. Wolfe, Secretary and General Manager, The Ontario Produce Company, Limited, Toronto, Ont.

Mr. David Austin, Assistant General Manager, The Ontario Produce Company, Limited, Toronto, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

MINUTES OF PROCEEDINGS

TUESDAY, May 11, 1948.

The Special Committee on Prices met at 11.00 a.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Harkness, Irvine, Kuhl, Lesage, McGregor, Martin, Maybank, Mayhew, Merritt, Pinard, Thatcher, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

The question having arisen as to whether the Committee had power to subpoena a Minister of the Crown, Mr. Harkness moved that the Vice-Chairman obtain, by way of a written memorandum, the opinion of the Clerk of the House, and report back to the Committee at its next sitting to be held at 4.00 p.m. this day.

Motion carried.

Mr. M. M. Robinson, Secretary-Treasurer, Ontario Fruit & Vegetable Growers' Association, Toronto, was recalled and further examined.

At 1.00 p.m. witness retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudry, Harkness, Irvine, Kuhl, Lesage, McGregor, Maybank, Mayhew, Merritt, Pinard, Thatcher.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

The Vice-Chairman reported that he had consulted with the Clerk of the House as ordered by the Committee at this morning's sitting, and that he had not yet received the memorandum requested.

Mr. Robinson was recalled and further examined.

Witness retired.

On motion of Mr. McGregor,

Ordered,—That Marlow and Company and Mac Fruit Company, Toronto, be asked to appear before the Committee.

Mr. R. D. Wolfe, Secretary and General Manager, and Mr. David Austin, Assistant General Manager, The Ontario Produce Company, Limited, Toronto, were called, sworn and examined. Mr. Wolfe filed,

Exhibit No. 105—Series of five statements prepared in answer to questionnaire forwarded to The Ontario Produce Co., Ltd. *(Printed in this day's Minutes of Evidence).*

At 6.00 p.m. witnesses retired and the Committee adjourned until Wednesday, May 12, at 4.00 p.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
May 11, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Vice-Chairman, Mr. R. Maybank, presided.

The VICE-CHAIRMAN: I see a quorum gentlemen; we will come to order.

Mr. MONET: Mr. Robinson, please.

Mr. HARKNESS: Mr. Chairman, is Mr. Gardiner not appearing this morning? I understood yesterday that he would be here this morning.

The VICE-CHAIRMAN: I have no knowledge of it.

Mr. HARKNESS: I see by a report in the paper that he said he had not received an official invitation. That is in an interview he gave yesterday. Has he received that now?

The VICE-CHAIRMAN: I don't know.

Mr. HARKNESS: Mr. Martn, have you any knowledge of the matter.

Hon. Mr. MARTIN: Yesterday, unfortunately, Mr. Chairman, I was attending a funeral. I was not here yesterday morning and I was very busy. Mr. Mayhew was in the chair. I thought perhaps I might have an opportunity of discussing the matter with him.

Mr. THATCHER: I think we should subpoena him.

Mr. LESAGE: You can't subpoena a member of parliament?

Mr. THATCHER: Why can't we?

Mr. LESAGE: Don't you know that you can't subpoena a member of parliament?

Mr. THATCHER: As a member of this committee I understand that this committee can subpoena anybody whether he is a minister of the Crown or anyone else, that if the Honourable Mr. Gardiner is wanted this committee has the right to subpoena him.

Mr. LESAGE: Who said that, that we could subpoena anybody?

Hon. Mr. MARTIN: May I make one observation? If I had been here yesterday I would have taken the position that this is a matter which should have been referred to the steering committee.

The VICE-CHAIRMAN: Now, just a moment. You will have to cut down your conversations at the table, even that friendly conversation; because I cannot even hear Mr. Martin speaking.

Mr. THATCHER: And I would like to let Mr. Lesage know that I am not deaf at all.

The VICE-CHAIRMAN: Go ahead, Mr. Martin.

Hon. Mr. MARTIN: I was just going to say that if I had been here yesterday I would have suggested that the proper procedure would have been to discuss the matter first in the steering committee before it was decided that we were going to summon any minister of the Crown to appear before this committee. I suggest that the character of this committee lends itself to that procedure appropriately. We are not here for political objectives. We are here for a very serious business. I know that every member of the committee will agree with me on that, and I would suggest that this matter be discussed in the steering committee.

Mr. Harkness: Well, Mr. Chairman, the motion was passed in the committee yesterday and I think that Mr. Gardiner should at least have been asked to appear. Apparently, according to the report which appears in the newspaper which I have here before me, up to a late hour last night he had been not asked to appear; and he is not here this morning, and I was expecting he would be here this morning. It seems to me that the least that could have been done in view of the motion which was passed was to convey an invitation to appear here to Mr. Gardiner. That is the least which could have been done. Then, if Mr. Gardiner, as is indicated by this paper, is not willing to appear on the invitation of the committee, then I think as Mr. Thatcher suggests, he can be subpoenaed. As I see it there is no force whatever in the contention which apparently he has made, and that a lot of other people have made, that a minister of the Crown cannot be compelled to appear before any committee. There is no rule of which I know in that connection that the committee has no such power. I know as a matter of fact that Lord Bennett when he was prime minister appeared I think at least twice before committees. I do not know whether he was asked to do so or what the procedure was, but I do know that he appeared at least twice, possibly more often than that. I do say there is no rule against the extending of an invitation, and there is certainly precedent for a minister of the Crown being called before a committee. I can see no force in this contention of Mr. Gardiner's at all, that a minister of the Crown cannot be called before a committee. As far as this House of Commons is concerned, as I understand the matter, a minister of the Crown is in exactly the same position as any other member; his rights, privileges and so forth are exactly the same as those of any other member. He has no special rights or privileges through being a minister of the Crown as far as the House of Commons is concerned.

Mr. Lesage: As far as members of parliament are concerned, and I include ministers of the Crown because I do not think a minister of the Crown has any special privileges and any privileges he has he holds as a member of parliament. It is a very well known privilege that while the House is sitting no member of parliament shall be subpoenaed in any courts anywhere in Canada. The only place he can be brought to is the bar of the House of Commons, and he has to be asked by the speaker himself. So I do not say that it is not possible for Mr. Gardiner to appear if he wishes to, but he cannot be subpoenaed as any other member of parliament cannot be subpoenaed to appear here or any other place while the House is sitting. That is a well established rule. That is a privilege of a member of parliament.

Mr. Merritt: Whether what Mr. Lesage says is right or whether it is wrong as relating to this matter of procedure the fact stands out very clearly that throughout the entire evidence of this committee on meat we come back every time to the fact that government policy has been the chief cause in the rise in the price of meat.

Mr. Lesage: Oh, now.

The Vice-Chairman: Just a moment.

Mr. Lesage: Speak for yourself.

The Vice-Chairman: Just a moment.

Mr. Merritt: Now, Mr. Chairman—

The Vice-Chairman: Excuse me just a moment. Just wait till I make my statement. I have not been interrupting you gratuitously or wantonly. It would appear that what the committee is debating is arising out of the fact that Mr. Gardiner is not here now. It is a question of choice I suppose on the merits of the supposed evidence that Mr. Gardiner might give us if he were here, and that is hardly apt I suggest to you. I am directing my attention particularly to your remark that something is due to government policy. The question is, will

Mr. Gardiner—at least this seems to be the question—I will ask for a motion afterwards—the question would appear to be, whether Mr. Gardiner will be here to give evidence.

Mr. MERRITT: That is the question as I understand it.

The VICE-CHAIRMAN: You are holding to that except for a few fortuitous asides—

Mr. MERRITT: No.

The VICE-CHAIRMAN: That you introduced—

Mr. MERRITT: There was no aside in what I had said, and if you had let me continue you would have found they were one connected whole.

The VICE-CHAIRMAN: Yes.

Mr. MERRITT: But if I may go on. We have called before us all sorts of business men engaged in one phase or another in the meat industry and we have subjected them to a pretty rigid cross-examination, and I maintain that any reasonable survey of the evidence leads to that conclusion, leads me back to the conclusion to which you objected, Mr. Chairman.

The VICE-CHAIRMAN: I did not object to your conclusion.

Mr. MERRITT: I was just going to say this. Maybe this is not a matter where a minister of the Crown can be subpoenaed or can be forced to appear here by any legal process. To me the question which arises is this; this is the question, will Mr. Gardiner be here? He has refused to come—

The VICE-CHAIRMAN: Is that correct.

Mr. LESAGE: That is not correct.

Mr. MERRITT: That is correct, according to the press statement.

The VICE-CHAIRMAN: That is your authority. I do not know whether he refused to come or not.

Mr. MERRITT: He said, "the members of the Prices Committee can question me any time they want to in committee of the whole House. Committees are called to hear people who cannot be heard in the Commons.

The VICE-CHAIRMAN: My only interjection was, is that correct; that he said he refused us to come. My only interjection was, is that correct?

Mr. MERRITT: Let me say that I have not spoken personally to Mr Gardiner.

The VICE-CHAIRMAN: I haven't either, so I think on the scant information available to us—

Mr. MERRITT: I just wanted to say this, that the question is not how to bring him here; it just comes down to this, this is a government committee, it is for Mr. Gardiner to make the decision.

Mr. LESAGE: It is a House of Commons committee not a government committee.

Mr. MERRITT: It is a House of Commons committee set up by the government, and those of us on the other side of the floor opposed its setting up.

Mr. LESAGE: I know.

Mr. THATCHER: Mr. Chairman, can I speak next?

Mr. McGREGOR: Mr. Chairman, on a point of order, how many chairmen have you got on this committee? Everybody around here seems to be a chairman. It seems to me that we are talking all the time. If you are chairman you should control the meeting.

Mr. LESAGE: Your predecessor was quite an expert along that line

Mr. McGREGOR: He probably needed to be.

The VICE-CHAIRMAN: How would it be, gentlemen, if we were to do this—

Mr. Merritt: I simply say this, that if Mr. Gardiner does not care to appear before this committee in the same way as others, and for the reasons indicated in this press report, and to give us the benefit of his evidence in relation to prices, then he will be completely frustrating this committee; and you will recall, Mr. Chairman, that the other day there was a little fuss over someone defining the committee as being dismal and dreary. Now, so far as I am concerned, it is up to Mr. Gardiner to come here or that charge will be fully proven.

The Vice-Chairman: Do you fancy he would liven it up?

Mr. Merritt: I think he would.

Mr. Thatcher: Let's get on.

The Vice-Chairman: Mr. Lesage is going to say a word, I think.

Mr. Mayhew: Before the committee have finished with this point—

Mr. Lesage: I said what I had to say in answer to Mr. Merritt's subsequent remark.

The Vice-Chairman: All right.

Mr. Thatcher: Whether we can subpoena Mr. Gardiner or not it seems to me he is very discourteous if he won't come down to the committee; in fact, he is saying that this committee is useless so he is not coming down here.

Mr. Lesage: He didn't say that.

The Vice-Chairman: Wait a minute.

Mr. Thatcher: That is what it amounts to.

The Vice-Chairman: Let the remarks proceed.

Mr. Thatcher: I think Mr. Gardiner should come down and should make a statement and then he should let us cross-examine him. To me, it is not good enough for him to come down and make a statement and then leave. I think in fairness I should say that I am sure Mr. Gardiner could give us some interesting facts on this meat inquiry, and if he refuses to come I think it is a reflection on this committee and we can take it as such.

Mr. Lesage: How are you going to convince him?

Mr. Irvine: Yesterday I opposed this motion on several grounds but it was passed nevertheless, and I think since it was passed the chairman of the committee should have at least invited Mr. Gardiner to be here, but according to the report in the press Mr. Gardiner has not been officially asked by this committee to appear. I think that is ignoring the wishes of the committee. I think the committee should have been told whether Mr. Gardiner would come or not.

Mr. Thatcher: "Jimmy" is losing his courage.

The Vice-Chairman: I should point out that this committee is only here for two hours at this sitting. Your own remarks, Mr. Harkness, were becoming repetitious at the close of your last speech, and we only have two hours.

Mr. Harkness: All right. I agree thoroughly with what Mr. Merritt said, but on the narrow question which Mr. Lesage raised that Mr. Gardiner could not be summoned or subpoenaed before the committee, I think it is a very simple matter to settle that. Let us ask our expert on that matter, Doctor Beauchesne, for a memorandum on the position as to compelling members of the House of Commons to appear before one of its committees.

The Vice-Chairman: As a matter of fact, I was just going to suggest a motion, Mr. Harkness. I think you are quite right. I think it is a good suggestion that we should seek Doctor Beauchesne's advice, and if you will leave it to me I will seek that advice and report back to the committee at 4 o'clock this afternoon. Are you prepared to leave it there?

Mr. HARKNESS: I was going to suggest, as I said, that you ask the clerk of the House to prepare a memorandum on what the position is in regard to a matter of this kind.

The VICE-CHAIRMAN: Yes. You want a memorandum. This might simply be answered yes or no, you know; but you would desire to do that by way of a memorandum?

Mr. HARKNESS: I think as I mentioned before there is precedence for this.

The VICE-CHAIRMAN: I think there is merit in what you say about a memorandum on account of the fact that no matter how careful I might be reporting what I recall of what has taken place it is nevertheless possible that I might inadvertently be in error, so I think probably it would be better if we could have it in the form of a memorandum. Just before recognizing Mr. Mayhew, I was on the point of saying that if you will leave it there I will report to you at 4 o'clock. You were going to say something, Mr. Mayhew?

Mr. MAYHEW: I understand—I didn't have an opportunity of looking it up following the last meeting, I did not get time to do that—but I understand that Mr. Hanson was summoned before a similar committee when he was leader of the opposition; he was not summoned but he was invited, and he refused the invitation and did not appear before the committee, would not appear before the committee; and I imagine he had pretty good ground for refusing to accept the invitation; and, if Mr. Gardiner wants to refuse to accept this invitation he has the right of election.

Mr. IRVINE: I want to ask a question before you close this off, Mr. Chairman.

The VICE-CHAIRMAN: Yes.

Mr. IRVINE: I wanted to ask Mr. Mayhew if Mr. Gardiner was officially invited to come here. He can come if he wants to whether summoned or not. My point is, I opposed this yesterday, but as the motion was put through it was pointed out that the best way of doing it was for the chairman of the committee personally to extend the invitation. It seems to me that that is the least that could have been done to give effect to the wishes of the committee, to invite Mr. Gardiner to come here.

The VICE-CHAIRMAN: I can only say to that, Mr. Irvine, that looking at it as I do, and I haven't knowledge of the situation at all, I rather think that the committee wanted it done if circumstances permitted. I am not excusing it when I say that. I do not know whether Mr. Merritt asked Mr. Gardiner or not. I have not had time to find out some of these things. We have had several statements this morning of supposed facts. Whether they are correct or not I have no way of knowing. But, with regard to this motion, if you would be willing to get on with the business of the committee by examining the witness before you the matter could be left to get the opinion that has been asked for; and also, the fact that a motion of this committee can be formally communicated to Mr. Gardiner.

Mr. IRVINE: That is all I would like to make sure of.

Mr. MAYHEW: I would not want it to be left just in that way, Mr. Chairman, because it would look as though we had disregarded the wishes of the committee, and that is not the case at all. I conveyed the fact—

The VICE-CHAIRMAN: I didn't know that.

Mr. MAYHEW: Or, the inference is there that I had not.

Mr. IRVINE: This is in the press. According to the press, and the press may not be correct, the situation is that according to the press Mr. Gardiner stated that he had not had any official invitation.

Mr. MAYHEW: I do not know whether he calls it an invitation or not. Apparently he spoke to Mr. Merritt about it; or, perhaps I should say that Mr. Merritt apparently was in conversation with Mr. Gardiner on the subject and Mr. Gardiner's statement was that he had no intention of coming to the committee at all; he could not come before the committee until he had the information, and he cannot get that information until we get it here ourselves—which will be tomorrow—from the Dominion Bureau of Statistics. We will have it filed and Mr. Gardiner will not come until then.

Mr. HARKNESS: What is that again? I did not get what you said.

Mr. MAYHEW: Mr. Gardiner will not be able to come before the committee until he has the necessary figures to back up what he has to say; and those figures are the same figures as you are asking for. He has intimated to me, but I could not give him any official invitation as far as that is concerned; but his statement to me was that he would not mind at all coming, but he would not come until he got his figures. Now, I want to assure the committee that this committee's wishes have not been ignored at all.

Mr. IRVINE: That is a much more satisfactory statement.

Mr. MAYHEW: The inference left in the committee yesterday was that Mr. Gardiner had said there was no supply of meat in storage. What he did say, I read over what he said in *Hansard* of yesterday; what he did say was that the government had no meat in storage, that is quite a different thing to saying that there was no meat in storage—except for the Meat Board there was no supply other than for the Meat Board in storage.

The VICE-CHAIRMAN: Let us not go into the merits of the evidence which is before you. I think this is the fourth week in which the subject of meat has been before the committee.

Mr. HARKNESS: What of it, Mr. Chairman?

The VICE-CHAIRMAN: I realize that you have a perfect right to be as prodigal as you like with your words, they are yours. Now, the matter stands this way: Mr. Harkness has formally suggested that I seek an opinion and report here at 4 o'clock. We have business men here to examine and they are losing a good deal of time while being here; or do you want to thresh it around some more.

Mr. HARKNESS: I am going to leave it that way. I would just like to make this remark in view of what Mr. Mayhew has just said, that apparently Mr. Gardiner gave an interview in which among other things he apparently interjected the observation that he was not going to appear, that he was going to refuse to appear in view of the situation that Mr. Gardiner said a minister of the Crown could not be compelled to appear before this committee and be subjected to cross-examination and so forth, and that he would be at a disadvantage unless he had an opportunity of going over all the evidence which had been read before this committee, I think I should say this. I must say that when I made this motion yesterday morning I never thought for a minute of Mr. Gardiner refusing to appear. I thought he would be only too anxious to appear. Now it seems, from what he is reported as having said, that it is very much against his appreciation of ordinary procedure and he refuses to appear before a committee like this, or he refuses to put his point of view forward.

The VICE-CHAIRMAN: Mr. Harkness, I have decided to interrupt you on a point of order. I do not think that you are adding anything whatever to what you have already said. I think you are just going back repeating trivialities, and you have become definitely repetitious, I feel.

Mr. HARKNESS: I do not think you are here to lecture me on being repetitious. I have been less repetitious in this committee that most other members.

Some hon. MEMBERS: Hear, hear.

Mr. HARKNESS: Including yourself. I have taken up very little of the time of this committee and I have done my best to conserve the time of the committee by not asking questions which were in any way a waste of time. I do not think it is your place to lecture me about being repetitious. I submit that I have a right to make such statements as I deem necessary; and I submit that it is not your duty to lecture members of the committee about being repetitious.

The VICE-CHAIRMAN: I did not attempt to lecture you. I just stated that such was the fact.

Mr. HARKNESS: That is your opinion and you haven't got any business stating it.

The VICE-CHAIRMAN: Yes, I have.

Mr. LESAGE: He is not the only one who has that opinion.

The VICE-CHAIRMAN: There ought to be some motion before the committee if discussion is to continue. Will some person move—probably you would move, Mr. Harkness, that the suggestion you have made in regard to securing an opinion be carried out.

Mr. HARKNESS: I would so move.

The VICE-CHAIRMAN: And is seconded by Mr. Merritt—

Mr. MERRITT: What is it?

The VICE-CHAIRMAN: That I shall seek an opinion by way of a written memorandum from the clerk of the House as to the powers of the committee to subpoena the Minister of Agriculture.

Mr. IRVINE: I understand, Mr. Chairman—I may be in error, but I understand that the Minister of Agriculture is going away and if we have to wait for this memorandum from the clerk of the House it may be several days in which case the minister will be gone.

Mr. MERRITT: He promised it for us at 4 o'clock.

Mr. IRVINE: If you can get it for 4 o'clock this afternoon, but we can't be guaranteed that a written memorandum will be here by 4 o'clock this afternoon.

Mr. MAYHEW: I would like to point this out, Mr. Chairman; that this committee or any member of this committee can question Mr. Gardiner to their hearts content on any of these matters when he is on his own estimate, and I believe his estimates are before the House now.

The VICE-CHAIRMAN: That is correct.

Mr. MAYHEW: And we could get this information: and, anyway, we are creating a precedent which might be better avoided.

The VICE-CHAIRMAN: Mr. Mayhew, that is not the motion. The motion is whether we shall seek the opinion which Mr. Harkness suggested, and I shall do that between now and 4 o'clock and I shall report back to the committee at 4 o'clock. That is the motion. If any person desires to speak to the motion they may now do so? Are you ready for the question? Carried.

Are you ready, Mr. Monet?

Mr. MONET: Before I ask questions of Mr Robinson I have a few dates which were requested by Mr. Thatcher yesterday respecting decontrol and control.

Mr. THATCHER: Yes.

Mr. MONET: With respect to fruits, on July 8, 1946, fruits were partly decontrolled. On January 13, 1947, they were all decontrolled except the crop of apples for the year 1946.

Mr. THATCHER: July, 1947?

Mr. MONET: January 13, 1947. All fruits were decontrolled then except the crop of apples for the year 1946. On January 15, 1948, grapes were recontrolled and on February 19, 1948, citrus fruits were recontrolled and then there are the other orders which I put in as an appendix yesterday. With respect to vegetables, on July 8, 1946 they were partly decontrolled. On January 13, 1947 they were all decontrolled—that is the same date as for fruits. On February 2, 1948, cabbage was put under control and on March 5, 1948, carrots were put under control, and the other dates were given to you yesterday.

M. M. Robinson, Secretary-Treasurer, Ontario Fruit & Vegetable Growers' Association, recalled:

By Mr. Monet:

Q. I have a few questions I would like to ask, Mr. Robinson, with regard to some of the important statements that have been made by you in your very complete and interesting brief submitted yesterday. I intend to proceed with my questions on the different statements as they appear in the brief and for the benefit of the members of the committee I would like to refer, when I ask you a question, to the page on which the statement appears. I will start with page 1. You said that a very wide publicity campaign had been made by the trade after November 17, 1947. Will you tell the members of the committee how that campaign had an effect, if it did have an effect, on the prices of fruits and vegetables at that time.—A. Unquestionably publicity on the supply of foodstuffs, all through the war and since, has had an effect on the market. In this particular instance the publicity broke out on the 18th and 19th of November and it had the effect of making a section of the public somewhat conscious of possible scarcities of vegetables and possible increases in price and for four or five days following the 17th of November there was a great deal of purchasing power released—with some hoarding by the consuming public. In addition there were heavy purchases by the retail trade which was dealing, you will remember, in storage vegetables. There was heavy buying in anticipation of heavy purchases by the public.

Mr. WINTERS: What do you mean by heavy purchasing power?

The WITNESS: The public itself, because of the publicity and the predictions in the press of the advance in prices, went into the market and accumulated.

Mr. KUHL: What articles are involved?

The WITNESS: Mainly root vegetables.

Mr. WINTERS: It was just an increase in buying at that time.

The WITNESS: Increased buying at that time. Now then, what happened was there was a very sharp increase in prices immediately following the announcement and following this publicity. Within a week or ten days—perhaps sooner—the market did slip back and there was a lull in there with some recession in prices and then the market recovered. From that time it went steadily ahead until the peak was reached and until some of the domestic supplies were exhausted. I contend that had the trade refrained from open prediction in the newspapers of higher prices, the upward trend would have been slower in getting under way. I do not say that we would have reached the ultimate high that we did reach but the process would have been more gradual.

By Mr. Thatcher:

Q. Mr. Robinson, did your organization at any time prior to the time ceilings were removed on fruits and vegetables make any request that ceilings be removed?—A. No, sir.

Q. You were not anxious to have them taken off?—A. You mean the release of ceilings in January, 1947?

Q. Yes?—A. No, we never, as an organization, indicated whether we were in favour of the ceilings being lifted or maintained.

Mr. KUHL: Were you consulted in the matter?

The WITNESS: No.

The VICE-CHAIRMAN: Mr. Monet has a definite line of questions he would like to pursue and although we have always taken the position a certain amount of interrupting is necessary, your co-operation in this connection would be appreciated. There are lots of times, of course, when it is important that a question be asked to qualify an answer already given, but if everyone will use discretion I am sure we will get along.

Mr. IRVINE: May I ask a question—and I will not interrupt again until Mr. Monet is through?

The VICE-CHAIRMAN: Yes, that is quite all right.

Mr. IRVINE: Mr. Robinson is secretary of the Ontario Fruit and Vegetable Growers' Association, and is that an association of producers?

The WITNESS: Yes.

By Mr. Monet:

Q. Mr. Robinson, on page 1 you state "—much of the furore over the prices of fruits and vegetables has been inspired mainly by members of the wholesale trade and to a limited extent by some retailers." Would the retailers, in your opinion, be independent retailers, or chain stores?—A. Both.

Q. To what extent? To the same extent?—A. I think we can best answer that by stating that immediately following the announcement of government policy there was a feeling on the part of the wholesale trade that they were facing rather bleak prospects through the loss of this trade in imported goods. I think I can sum it up best by saying it was fear of the unknown.

Q. You stated that yesterday?—A. Yes, it was fear of the unknown.

Mr. WINTERS: Fear of what?

The WITNESS: Fear of the unknown. I could add that I think you will bring out, before you are through, that the events of the past six months have proven that the trade was unduly concerned at that time.

By Mr. Monet:

Q. Do you mean by that if the trade had waited a little longer—A. If the trade had waited for the thing to approve or disapprove itself.

Q. They would have found out the unknown was not as bad as expected? —A. That is right.

Q. Now, Mr. Robinson, on page 1 you have referred to the very high importation from the United States saying that the figures reached an all-time high shipping value of $96,000,000 which, of course, included all imports. Later in your brief you gave evidence that approximately $80,000,000 was the total importation from the United States?—A. Yes.

Q. Now, how would that 1946 all-time high importation from the United States compare with previous years?—A. I thought I had the figures with me, Mr. Chairman, but I find that I have not. I think if we had the figures you would find that from 1939 there was a very steady and material increase in the gross value of our importations until 1946, when we reached the record

figure. If analysed, I think that increase would be shown to be attributed not only to quantity or volume increase but part of it is due to higher prices of the imported produce. Even so, each year the increase was terrific and it was partly due to the fact the consuming public had purchasing power which it did not have prior to the war.

Q. In your opinion, Mr. Robinson, who benefited to the greatest extent from such large importations? Did the consumer benefit either directly or from a prices point of view?—A. I would say, from a trading standpoint, certainly the trade benefited. It was large volume, good prices, with good opportunities for profit. I think in that period the public was not very much concerned about prices. I do not know what benefit there was to the public other than ample supplies of those products for their own tables, and there was great variety.

Q. But your opinion is that they would not have benefited as to price, but just with respect to volume?—A. I do not see where they could benefit as to price. The market set the price and the public was prepared to pay the price but they did get a wide variety.

Q. Inasmuch as you have referred to the market setting the price—and I was going to question you on that subject later on but I will now ask you for the benefit of the members of the committee—who makes the market and what makes the market?—A. That is an old question which has been kicked around for a long time. My considered opinion is that the best answer would be that the trade establishes the market, subject to consumer veto. I think that is as good a definition as I can give. If you want me to amplify the latter part of it I would say that the trade definitely establishes the price by dickering between itself—dickerings between the retailers and the wholesalers. Fixing price is a rather intangible process and you cannot put it in English. It is bargaining between the various elements in the trade. Those elements will keep pushing the market up or down according to their estimation of the market trend. If they push it up eventually it will reach the point where the consuming public will stop buying. That happens all the time, and then there is a market recession. I found in my analysis of the trade that a peculiar thing occurs. There is consumer veto to high prices but there is also consumer veto to low prices. You can get prices of products so low that the public will not buy. In other words, the public seems to shy away from the ridiculously cheap price. That observation comes as a result of contacts with practical merchandisers who have found it to be true.

Q. Could you give the committee an example, as far as low prices are concerned, of what you speak?—A. I think it is psychology.

Mr. Harkness: You think they are suspicious, or they think there might be something wrong with a cheaper article?

The Witness: No, it is just human nature for people to shy away from the cheap product. I do not know but I suspect the evidence here has brought out that peculiarity with respect to other lines.

Mr. McGregor: Is it not a fact that some of the produce has been on the market for some time and people get tired of eating it and they want something new?

The Witness: I think they do tire of some things. We see very sharp highs and lows in the business. Take the annual domestic field tomato deal, and I can say that we may open early in July with $3 or $4 basket prices but that market is pounded down every year, not by trading practices or by consumer action but by increased volume, and it may be at the end of the season we get 25 cent baskets of tomatoes. When we reach the 25 cent level there is an apparent backing way from the commodity by the public.

Mr. Harkness: Would it not be because people have had a surfeit of tomatoes by that time?

The WITNESS: Not altogether. I think there is in all of us an inherent opposition of some kind to the cheap article.

The VICE-CHAIRMAN: What you are saying is that there are certain occasions when the price gets too low and you then get a buyer resistance or a disinclination to buy?

The WITNESS: That is right.

Mr. IRVINE: I can understand that a man who was going to buy a pair of boots or a suit of clothes would find one pair of boots at $5 and another at $6 and he would probably be drawn to the $6 pair, feeling that it would be of better value and a better purchase. However, if I am hungry for tomatoes and I find one that is cheaper than another I do not think I would back away from the cheap tomato just because the price was lower than I expected it would be.

Mr. MCGREGOR: I think his point is that you have been eating tomatoes for a good while and you want something different.

The WITNESS: My advice on that score comes largely from the food chain operators who are our big operators and they contend that if you get the price too high or too low the consumer veto enters into the situation.

The VICE-CHAIRMAN: I think I can see Mr. Irvine's point in connection with his set of circumstances but, if I may say so, I can hardly imagine myself acting in the manner indicated by the witness. That is his evidence, however, and it has happened according to his experience.

By Mr. Monet:

Q. You have explained now the veto which the consumer would exercise?—A. Yes.

Q. And it would apply to high prices as well as to low?—A. Yes, and it is much more apparent with respect to high prices.

Q. On page 2 of your brief you refer to the problem of distribution. In talking of distribution you said "the distribution of our produce is almost entirely in the hands of these men who are so immersed in importation of fresh fruits and vegetables". Would you tell the committee to what extent the production of domestic produce is in the hands of the type of people to whom you have referred?—A. That is difficult, for in the province of Ontario we have such a very wide range and variety of operators. I referred in the brief to some 200 truckers of fruits and vegetables in Ontario who are in the main an uncontrolled lot, and I might say in the main they are rather a troublesome lot. The bulk of their operation would be entirely domestic. When we come to refer to the wholesale market it is the Toronto wholesale market and what I would call legitimate wholesalers. I would say over the years there has been an increasing tendency for them to go more and more to the imported deal.

Q. Rather than to domestic produce?—A. Yes, I would say that.

Q. The distribution of the local produce would be mostly made by whom? Who would take care of it?—A. If you are talking in the sense of quantity distribution, percentages and so on—

Q. Yes?—A. It is very difficult to give you the figure because of the huge number of operators of different kinds. I would say the Toronto wholesale market is as a rule the price setting market, which to me is the most important item in the situation.

(Mr. Mayhew took the chair.)

Q. Who deals on the Toronto market?—A. Well there we have a variety of operations. We have the straight wholesale commission house, we have the commission house that buys and sells produce—the combination deals—and there are some dealers who do not handle domestic produce but only the imported

produce, but the bulk of the operators engage in the mixed deal, both domestic and imported produce. Sometimes we feel, rightly or wrongly, that when a man has a lot of money invested in a carload of imported produce he may be more concerned with what might happen to that produce in which he has his main investment that he would be concerned with the produce which he receives on consignment from the local grower. The respectable houses, however, are not affected by that statement. You must remember that you can break your trading organization or society into groups. You will have the first class operators who conduct business in a very fine manner. Then you have a fringe, and I want to point out that in my brief yesterday I made some rather harsh comments with respect to the trade, dealing with the trade as a whole. It is unfortunate that when you deal with a subject as a whole and make certain statements regarding the organization, the good fellow suffers for the actions of the bad fellow. We as growers feel that this imported transaction is becoming so huge and so important that many of our wholesalers are more concerned with that operation than in the distribution of domestic produce.

Q. Now, Mr. Robinson, can you tell us the proportion of vegetables which is distributed by the growers themselves? I am speaking of the total production in Ontario and the percentage distributed by the growers themselves—the distribution to the consumer?—A. I could not break that down.

Q. Is it a large proportion?—A. I would be inclined to say this, that as the years go by the proportion of direct sales by the producers themselves declined?

Q. Declines?—A. Yes. More and more we are getting away from the old system of direct sales by the producer. Around some of the large trading centres where there are some market gardening areas there is considerable direct sale by the producer but it is getting less all the time, and I think rightly so generally. I think I should say this too; here is the producer—I have come to the conclusion after 27 years in the business that the farmer is better off, the gardener is better off operating his farm efficiently, producing high quality goods and turning the sale over either to an organization of persons, a co-operative organization, or to recognized circles of trade. I do not think that under the modern system the gardener can do both jobs efficiently.

Q. From the revenue point of view would you believe this policy would be favourable to the grower?—A. Yes.

Q. Now, referring to page 2, of your brief, Mr. Robinson, you say that the trade looked forward with confidence to a large profit in a free market—opportunity to trade, looking forward to your usual profits—that, with imports—wouldn't that increase the volume?—A. Not entirely. There is a question there, but I thought I would be quite safe in saying that business in this country generally welcomes the return of the free market, and that it is felt rightly or wrongly that it would have an opportunity for enhanced profit in a free market, a more greatly enhanced profit than it would have under a controlled market. I think that is the psychology existing surrounding the fruit and vegetable growers in my district.

Q. Would that be on account, shall we say of anticipating a larger volume now for distribution?—A. Yes.

Q. And how would that affect domestic production?—A. I have tried in my rather wordy brief to emphasize the nature of the continual production that goes on, year in and year out, as between domestic production and imported produce. To my mind, it is the most serious thing that our growers are faced with. I will agree to this, we are always seeking to do this—our eating habits have changed. Citrus fruits are here and will always be here and will always be available. We do not quarrel with that. What annoys us, what aggravates us and causes all the turmoil is that we feel that once we are producing in volume we should not have this competition. We are quite content to give our markets to the Ameri-

cans or anybody else when we haven't got the produce to sell, but we do say that we want our market cleaned up so that our produce can come on to the market and secure a satisfactory price, and if our own volume of production is such that we ourselves destroy the market by overproduction; well, that is all right, that is our baby, we have to nurse it; but, as a producer, the most aggravating thing I face year in and year out as a producer is to see my price structure destroyed by imports of American produce when they know that I am coming on the market. Most of my efforts in the summertime are spent in trying to interest these merchants—and I get wonderful co-operation from a certain element—to induce these men who know about imported produce to make way for ours.

By Mr. Thatcher:

Q. Did I understand you to say yesterday that the Americans can send fruits and vegetables up here without too much interference and that you cannot send yours back to the States?—A. I did not discuss the tariffs, but I will say this in part answer to your question. Their situation is dumping into this country and it is made easier with lower rates applied against it than ours, theirs gets in here much easier than ours is admitted into the United States. That is an absolute fact. Some of their tariffs imposed against some of our fruits and vegetables are unduly high.

Q. I see.—A. And that is indicated by comparison of the imports and exports for 1946; 96,000,000 of imports as against 17,000,000 of exports.

By Mr. Monet:

Q. Now, Mr. Robinson, on page 2, and along the same line of questioning, you say that the trade generally displayed extreme reluctance to drop the import deal. Why would the trade be reluctant to drop the import deal when domestic produce is available?—A. Once again I should have used the phrase, a section of the trade.

Q. Yes; well then what would be the reason with the domestic produce available?—A. Let me try to think first. This takes a lot of thought. Production in Ontario will not be along until about we will say the 12th of July. The trade knows that pretty well because they are in pretty close touch with the producing areas. They know that we are coming into production let us say on the 10th or 12th of July. A majority, and especially the first-class commissioned market, will start to ease imported tomatoes and when they begin to ease out imported tomatoes they are clearing the market. That is what everybody would like to see, a fair market at the time we are ready to come on. Now, the difficulty of arriving at that ideal condition is a weather proposition. Some of these men, to my mind, are on the thing. You will see the bulk of the dealers facing heavy arrivals of domestic production, they will say to themselves, we are in a nice spot here. They will hang on. Sometimes they cash in and sometimes they don't. When they don't cash in then the conflict is there because the imported produce and our domestic supply is ready to come in. There is a clash and immediately there is a downward revision of prices which costs our growers a considerable amount.

Q. I would like to make clear if possible whether the trade would be reluctant to drop the imported article when they can get the domestic supply here. What would be the main reason? What interest would they have?—A. Well, in the first first place, there are a number of operations. Sometimes they will not handle our produce at all. These men would hang on to the imported deal as long as they could. Then, when we are in full production the prices trend downwards sharply. Over that period these chaps invariably hang on as long as they can. And there are some others who are looking for

hot spots which might develop on account of the weather. Last year we had a very disastrous spring which put back our production on tomatoes very considerably.

Q. Now, you are referring to this dumping situation. That was the situation in Montreal around last July. And that is a matter which I think in fairness I should leave to Mr. McGregor. You will recall that yesterday he had some questions he wanted to ask and the chairman said that when this point was reached he would be recognized. I will leave questioning on this point to you, Mr. McGregor.

By Mr. McGregor:

Q. I would just like to ask Mr. Robinson one question before I come to that. When you talk about the American stuff coming on the market and our stuff coming on the market, and some of the American stuff being held so that they can make money on it until our stuff comes on in volume; does not the duty which has been applied help in a situation of that kind?—A. No, because there is a weakness to the application of the dump duty. One of the weaknesses was that in applying for the application of the dump—and last year that was my special job on behalf of Ontario and Quebec growers in making application for the dump—that is one difficulty, another is the element of weather which makes it pretty difficult to decide the actual date when the supply, the domestic supply will be ready, and when the dump rule should apply. It might be very warm this week and we may decide we are ready in the producing areas and we will be coming on to the market any time within ten days, then we get a cold snap and the ripening process is delayed and you are out. You see, this application for the dump duty protection does not work any too quickly. Now, that is one of the points that makes the application of the dump difficult. The other point in connection with it is that if the dump is applied for today there is a ten-day leeway before the application of the dump. Some of these dealers deliberately anticipate, or did deliberately anticipate the application of the dump and have an extra number of cars rolling in order to what we call beat the dump. That went on all the time.

Q. And if they beat the dump it is all right, and if they do not it goes to the dump.—A. I am talking about dump duties.

Q. I know you are talking about dump duties, but if, as I say, they beat the dump they are all right, and if not, it goes over to the dump.—A. Sometimes.

Q. Maybe you could explain now just why certain quantities went over to the dump.—A. Just because in July last if we had known conditions—we ran into a cold weather snap which practically shut off that harvesting of the tomato crop I would say for a week or ten days, slowed it right down to a walk; and some of these chaps were left with a fair market for a period during which there were no tomatoes available at all. Some of these chaps jumped into the market and imported by truck heavily from the United States in the first part of that time, and no doubt quite properly; but, incidentally it was very aggravating to the co-operatives—I mean to the co-operating wholesalers who had to refrain from doing that when these other people could go ahead and take a handsome profit on say the first half of that particular deal. Well then, the weather turned and by the Friday or Saturday before civic holiday our supplies started rolling definitely. In the meantime these men had brought in very large supplies of American tomatoes and on civic holiday they ran into a very costly clash of oversupply of American tomatoes and very, very heavy arrivals of domestic tomatoes. In Montreal one trader in particular went into this import deal extra heavy and this crowded market showed very, very sharp declines in price and he was unable to dispose of his goods and some of it had to go to the dump because it had deteriorated so that it was no longer saleable.

Q. Would you say that was just an error of judgment on the part of this dealer, that he got caught with a supply on hand which he couldn't move? What you say is that these people should be controlled so that they could only bring in so much of these goods at a time?—A. That is our contention.

Q. How would you work that out?—A. We have tried voluntary deals, and frankly our experience with voluntary deals is that they do not work because there is always somebody who will break through a voluntary deal.

Q. And seize an opportunity for profit?—A. I do not like to use compulsion, but in some of these things I am convinced that you have got to have compulsion in fairness to the good operator who does co-operate.

Q. In other words, somebody loses, there must be somebdy who has some say when a situation of that kind develops.—A. Is it not better to have an absolutely bare market for three or four days in order that the Canadian producer may have a clear market to start with—is that not better from the standpoint of economics than for that Canadian producer to come on at a time when the United States produce is flooding the market and when the bulk of the market goes for the imported product?

Mr. Kuhl: But how would the consumer feel for these two or three days?

The Witness: I suggest that you have to go further than just seeing that the consumer has supplies all the time he wants them. It is not going to hurt the consumer to go without for these two or three days. I think you ought to go further than that. It is a question of economics. If the farmer is going to have a dependable income he must have a market on which he can depend. It is not hurting the public and it is not hurting the dealers, and it is essential for the benefit of the grower that he should have a fair market when his produce is ready.

By the Acting Chairman:

Q. Is there not another factor which enters into it at that particular season of the year about which you are talking; is there not usually a glut on the market to the south and they are cleaning up their stocks there and they are really under the prevailing price?—A. Very often they buy lower. Incidentally, they start early in the year their production in the southern states. As the season advances production works northward and other producing areas come in day by day, and by the time our produce is ready to come on to the market the whole of the United States is in production when we are just ready to start. There is a greater supply available. That is right.

(Mr. Maybank resumes the chair.)

By Mr. McGregor:

Q. As far as you are concerned I think there is a wrong impression, is it not a fact, we will say we are buying American goods up to the 12th of July when our stocks come in. Now, if the Canadian producer could get the price that was being paid for the American goods he would be satisfied, but he does not get the same price as they have been paying for the American goods.—A. I would say this, that is our experience over the years that the closing price of American produce is our own opening price.

Q. Quite, that is the point I wanted to make. As far as the American produce is concerned, everybody is under the wrong impression as to the price situation with these imports on the market. Most people think that the Canadian grower tried to get the American price, and they also think that they want to get the American stuff off the market so that they can get a price greater than the American price—that is not true.—A. I want to be fair about it and say this; when we get an absolutely fair market and have the American stuff out of the way and have a clear market it is true that for three or four

days or possibly a week we do get a higher price, but it levels out fast. I have seen the price drop in a matter of a week from $3 a basket to 25 cents a basket. Now, the public does not suffer on account of the dollar we make this way. If that situation were one which kept the price high then the consumer would have a right to complain.

By the Vice-Chairman:

Q. Mr. Robinson, would that mean that if there were no American goods, or this kind of produce coming in just prior to your coming on to the market that it would not really make any difference to the price that you would sell at as a producer?—A. Yes, at this given date we would get a little higher price for the first few days.

Q. You mean you would get a somewhat higher price; do you not?—A. We don't always when we have a clash because the quantity of imported produce and our produce has the effect of lowering the price.

Q. A moment ago I thought you were saying that you did not get the higher price on your opening sales. I think that was the tenor of your general remark.—A. If we have a decline on the market?

Q. Yes; and, if the American produce by that time is ended; I say, if there were no American produce coming in you would get a higher price?—A. A little higher price.

Q. A little higher opening price and it would continue also longer would you say?—A. I think so.

Q. But now your opening price is somewhat higher for a few days, it is at a relatively higher price, and then it drops down quickly in the matter of let us say a week at the outside.—A. At the very outside.

Q. And if you didn't have any American goods to contend with that high price could be maintained somewhat longer?—A. There would have to be that downward trend anyway. But you would see a higher opening price.

The VICE-CHAIRMAN: Yes. I see.

Mr. IRVINE: Mr. Chairman, since our inquiry is in respect to reducing prices I would like to ask the witness how the consumer might expect to fare were the arrangement such as he suggests, that the Canadian market be preserved for the Canadian producer. Do you think that would mean on the whole, taking the year round, that she would have to pay more for produce than she is paying now?

The WITNESS: There are two answers to that. It would only last until such time as we were producing enough to meet our overhead; which, apparently, we haven't done for some time past. I know the potentialities of our industry is such that in some of these products, not all but in some of these products, we would very quickly get production up to the point where the danger would be that we might not do as well; but we have to get that into full production in this country on some of these commodities. We could make a rapid increase if we had an assurance of a market.

Mr. KUHL: When you say we of whom do you speak?

The WITNESS: We must remember that the grower can suffer very quickly from overproduction.

Mr. THATCHER: There is one sentence Mr. Robinson made in his statement which I would like to have some clarification on. It is on page 2: "more than one load of imported produce found its way to the dump, especially in Montreal." Did it actually go to the dump? Are you suggesting that that was done in an effort to keep prices up?

Mr. MONET: Mr. Thatcher, the witness just gave evidence on that point. I think you were out of the room.

The WITNESS: That came about because of a glut on the market, they had more produce than they could sell. That produce deteriorated in quality to the point where it could not be sold.

Mr. THATCHER: But there were not indications of where it was dumped so as to keep prices up?

The WITNESS: Not to keep prices up. Let me say this, that I have never known any wholesaler to dump good produce to maintain the price. I have never found that.

Mr. MCGREGOR: I think there is one point there that Mr. Robinson said that we have not got to our limit of production yet. What would have to be done to bring that about? I suppose the grower would have to have the assurance that when his stuff was put on the market the market would be there for him. How could that be worked out?

The WITNESS: Now, you are getting into matters of government policy.

Mr. IRVINE: Yes, that is up to us.

Mr. MONET: I think I have a question on that point here, and I think Mr. Robinson is right when he says that it is a matter of government policy about which he cannot speak. Of course, he is only speaking for the growers of Ontario. Now, I wonder if you could tell us, whether your growers would be able to supply a sufficient volume of vegetables to carry us through the winter at reasonable prices?

The WITNESS: I know that we can get produce enough of what we call summer produce for this country. We are pretty well doing it now. When we are in our flush of production in a lot of areas we get into difficulties with respect to some of these commodities, and we can do that very quickly. We can get into distress in some of these commodities very quickly.

By The Vice-Chairman:

Q. Getting in distress means?—A. Too much.

Q. Having too much?—A. Yes, in midsummer, in the month of August—overproduction.

By Mr. Monet:

Q. What about winter supply, do you believe our growers in Canada could supply the country?—A. There are certain storage vegetables of which if we were assured a winter market we could produce sufficiently for this market. We have not done it because we have not had the market—carrots, cabbage, beets, onions, potatoes, turnips, parsnips.

The VICE-CHAIRMAN: Root vegetables generally?

The WITNESS: Yes.

The VICE-CHAIRMAN: You believe—

The WITNESS: We could not produce lettuce. Celery, we could produce winter celery during quite a long time. We could produce more winter celery if we had more storage places. Our production capacity on celery is determined at the present moment by storage facilities; but even so, we would be out of celery any way by the end of January.

By The Vice-Chairman:

Q. Is it true that celery is a rather delicate storage problem?—A. That is right.

Q. We have heard storage men say that they always looked on celery as a headache for the storage man. Would that be justified?—A. I do not think

it is a headache so much as it is a question of having proper storage warehouse facilities. It is a headache when it is not in a proper celery storage warehouse with apples and other commodities. It is a far different proposition to store. I have seen celery carried through in some storage places right to the 1st of February and come out in first-class shape. There is a variation in the celery crop, and a good deal depends on production methods. I have had some of my celery, and I am not a large grower, I have had some of my celery come out of storage on the 1st of February in first-class shape. I have had other years when it was showing signs of breaking down in November due to something—it might have been weather conditions or a number of other things. A lot depends on that, and a lot depends on having the right kind of storage.

Mr. McGregor: Is it not a fact that growers producing most crops such as beets and roots of all kinds do not produce more in view of the fact that they cannot sell them beyond a certain period of the year?

Mr. Thatcher: Did you say, Mr. Robinson—

The Vice-Chairman: Wait a minute, I think that is a question. Have you answered it?

The Witness: Yes.

The Vice-Chairman: Oh, with a nod of your head.

The Witness: Yes.

Mr. Thatcher: Did you say that you thought the producer could produce enough of these vegetables to last just the six months in the summertime or the whole twelve months?

The Witness: I would not say twelve months. On some commodities we could run over the twelve months. You must remember, Mr. Thatcher; when I was a boy, on carrots—we didn't have cold storages then and we used to keep carrots on hand the year round. Conditions are different now.

Mr. McGregor: Yes, we used to keep them in the root cellar.

The Witness: Yes, even in these days we can store them at home in root cellars.

Mr. Thatcher: You think now that you could produce vegetables such as carrots and so on in a quantity sufficient that they would be available over the twelve months?

The Vice-Chairman: Another problem arises, that is to ship it to the different parts of the country.

The Witness: No, sir.

The Vice-Chairman: You could take care of that until—

The Witness: I will follow that up by saying that we have a long way to go to equal the American industry from the standpoint of distribution facilities. Ours are very antiquated.

The Vice-Chairman: Is there a shortage of these?

The Witness: Adequate facilities for wide distribution. We need a new setup for that.

Mr. Mayhew: You were referring to a three-way proposition; the producer, the wholesaler and the retail distributor; and you are suggesting that the method of handling in the retail and wholesale end of it could be improved?

The Witness: I do not think the retailer is much of a factor but the wholesaler is. I might say in that connection that we had a railway conference a week ago Saturday on this very matter because we recognized among ourselves that we were antiquated and we recognized that under the present program we have a distribution job to do. This year we have got to get our stuff out, and that we find that many of our shipping points and facilities for icing cars are non-existent.

Right out in Leamington the railways and the growers are meeting today to tackle that specific job. We have to get down the cost—but you must appreciate that one of the reasons is that we have never been assured of that winter market. Give us the assurance of that market and we will set up the facilities for doing the job. It is very discouraging to produce these things and then find that you have lost your market—let us take American carrots say with tops. I don't imagine that from the nutritional standard that carrots with tops are any better than carrots without tops, but they certainly look nicer on the produce stand in the chain store than do our storage carrots.

Mr. THATCHER: You have that market this winter under existing regulations?

The WITNESS: We hope so, Mr. Thatcher.

By Mr. Monet:

Q. Now, on page 4, of your brief, you said: "the weakness of the market in the winter of 1946-47, for domestic produce was almost entirely due to the heavy importations of the U.S.A. vegetables in that period". Would you explain to the members of the committee. You go on to say: "for this the public paid a heavy penalty in the past winter from the standpoint of both supply and prices as will be developed later". Would you explain that to us, please?—A. It was this way. The price range for the domestic product in the fall, during the winter of 1946 and 1947, was low. In some commodities—I haven't the figures with me—but in some commodities they reach the 1939 level, a direct result of that was that our gardeners in 1947, reduced the acreage for vegetables very perceptibly. In addition to that we had an unfavourable production season in 1947. To give you an illustration of how unfavourable it turned out, at one time in the early summer the Bedford marsh onion growers felt they could estimate their crop at a million bags of onions and, on account of the weather conditions which developed, the actual harvest was less than 600,000 bags. Now, in between those two elements; one, the lowest price in the winter of 1946 and 1947, and the unfavourable weather throughout the country, despite that we went into a period of restrictions and prices were lower than they would normally have been, and that had a definite bearing on prices that were subsequently paid for these products because of the reduction of the available supply. And I think it is fair to point out that it is nobody's fault, the restricted flow—if we had been favoured with a better season there would have been a lot more vegetables available.

Q. You also said on page 4, that, "some dealers broke into the press with predictions of mounting prices for domestic produce." What was the produce involved?—A. Carrots, cabbages, celery, parsnips, beets—all those vegetables.

By the Vice-Chairman:

Q. Is there any statistical source which would show us just how much buying there was during this buying spree in relation to similar periods?—A. No, Mr. Maybank, because there is only one commodity I think that might be used. I think you can get an absolutely true picture on celery because it is a cold storage proposition and you would be able to get a report showing you the ownership of the celery over the period. It is easy to get that. You can get that. You can get approximate estimates of onions that went into storage. Some onions are kept on the farm and you can't get them. The same thing is true with potatoes; you cannot get a really accurate picture because a good many potatoes are stored on the farm. Where you have an operation such as you have in Ontario with a large percentage of the product stored on the farm it is very difficult to have adequate statistical information. Now, a statement was made in connection with carrots. You take in our organization, we have 56 branches and I have a system whereby I can periodically get returns from those 56 branches as to the stock position; but it is a rough and ready method, and frankly the lack of statistics on fruits and vegetables in Canada is a handicap.

Q. I don't suppose you would have the final experience because you do not deal with the ultimate consumer, do you?—A. No.

Q. But could we take it that this would be correct; that you made your statement about the buyers' spree, if I may put it that way, because it is the consensus of opinion in the trade, and that consensus of opinion has been conveyed to you in your official capacity, and that is why you are making this statement?—A. That is right. Part of my duty involves daily contacts with the trade. In that way I am able to size up the market developments, market trends. I think when you call on members of the trade you will find substantially what I have said is true, that buying was quite free, in no sense restricted.

Q. You understand, it is not a question of questioning your answer. I just wanted to get its basis. After all, people reported their opinions to you and you have no reason to doubt them. We appreciate that you are conveying what is undoubtedly their opinion; that is what you are now conveying to us?—A. That is right.

By Mr. Monet:

Q. I think, Mr. Robinson, from what you have said that the supplies for 1947, were lower than they were for the previous year, 1946?—A. That is right.

Q. And this would apply to fresh fruits and vegetables?—A. It would apply I think to all our vegetables with the exception of potatoes and turnips. I am not sure whether it would apply to onions as well or not— I know we were down in the Bedford marsh area but I think we were up in other producing areas; but we were down in carrots, cabbages, beets and parsnips—I think in parsnips also.

Q. Would it be possible for you to tell members of the committee to what extent we were down as to percentage?—A. That is utterly impossible.

Q. You have no statistics of it have you?—A. I have not.

By Mr. McGregor:

Q. Can you tell us the reason we were down?—A. Yes, for the reasons I gave you for 1946 and 1947, undeniably we were down.

Q. Would you say also that it was a storage problem?—A. There was a storage problem, although in that connection I would say that apples felt that worse than anything else. Some of the storage plants were taken over by eggs and we were unable to store all the apples we otherwise would have.

Mr. Monet: Now, Mr. Robinson, we come back to distribution of supply.

The Witness: May I explain that I am speaking of the Ontario situation only.

Mr. Irvine: Was the resultant loss in your apple crop because of lack of storage?

The Witness: It was a contributing factor. Part of it was due to the fact that—

Mr. Irvine: There was a loss on that account?

The Witness: The apple situation was most unsatisfactory. It was a disastrous crop.

By Mr. Monet:

Q. To summarize it for members of the committee would you tell us what in your opinion were the main factors in the recent rise in market prices in fruits and vegetables, I refer particularly to this last fall?—A. I think it is pertinent first to observe that we were operating in a free market, and that means that on a free market we were subject to the law of supply and demand. I think that is first in importance. Then, the restriction program was a factor

because it eliminated the supply of certain American vegetables that the public had been in the habit of buying. Then we had this reduction in the supply of some of our own vegetables because of conditions I have outlined. Those were to my mind the three main factors. There were other contributing factors. One of those was that all during the winter fruits and vegetables got a lot of publicity, and we found that the publicity at that time, as it usually does, made the public both supply and price conscious; and any time you make the public supply and price conscious you do get a degree of shall we say hoarding. But in the final analysis it all narrows down to this, that demand exceeded supply.

Q. When you speak of hoarding, do you mean hoarding by the wholesaler, the housewives, or to what do you refer?—A. By the public.

Q. You mean by the consumer?—A. Yes.

Q. From the standpoint of the consumer that would be quite limited, would it not?—A. No. Every time there is a flare-up in price the public step in and buy. Every time there is a report which suggests that there is likely to be a shortage of a particular commodity the public reaction seems to be to lay in a supply of goods of the kind concerned.

Q. And this hoarding on the part of the consumer, if I interpreted what you said correctly, was caused largely by publicity?—A. Yes.

Q. What form exactly did the publicity take; newspaper advertising or press reports; what form did it take?—A. It was largely confined to press reports and radio comments.

The VICE-CHAIRMAN: News announcements as distinguished from advertising; is that what you mean?

The WITNESS: Yes, and it seemed to be related to particular times.

Mr. KUHL: Who actually were the people who were responsible for what was said in the press reports and on the radio reports?

The WITNESS: Some of it was due to releases by the trade with the resultant follow-up by the press and radio of these releases.

The VICE-CHAIRMAN: And that would be accidental and unintentional stimulation of prices. Would that be a correct statement?

The WITNESS: Yes, sir. I think it is not difficult to establish that the trade because of the concern over the limitation of imports was applying pressure upon governments for the relaxing of some of the restrictions.

By Mr. Monet:

Q. Would you then say, or would it be your opinion Mr. Robinson, that this rise in prices was justified?—A. Well now, you are putting me on the spot.

Q. That is I think a question which derives from all the rest.

Mr. KUHL: From whose point of view are you asking? Is it from the point of view of the producer or the point of view of the consumer?

Mr. MONET: I am asking his opinion as I put it in my question.

By Mr. Monet:

Q. In your opinion, you have just given us the causes of the recent price rise?—A. I would like to answer that in my own way.

Q. Oh yes, please do.—A. I would not want people to think I was accepting any philosophy. We are operating under a system of free economy and free enterprise and I think you had a witness here last week who said the principle of that economy was to buy as cheaply as you can and to sell as high as you can. I do not see why we as farmers should not be free under that system to do the same, and that is what went on in the past five or six months; but I would say this too, that I think some of our prices were fantastic.

Mr. THATCHER: You mean, that the producers got?

The WITNESS: That was not our fault. There was somebody in the country who was ready to pay those prices so why shouldn't we take them.

Mr. WINTERS: Do you mean you as producers took it?

The VICE-CHAIRMAN: Mr. Winters, Mr. Thatcher had a question.

Mr. THATCHER: What commodities did you have in mind particularly in that reference?

The WITNESS: Well, potatoes and tomatoes.

Mr. LESAGE: Are you following the same questions?

Mr. THATCHER: Yes, I am following in the same line of questioning. Now, in the Toronto papers of three weeks ago the average price for tomatoes in ads in the Toronto papers, the average price of tomatoes was $1.15.

Mr. IRVINE: What, a pound?

Mr. THATCHER: Yes, a pound—extra quality tomatoes. The same things were advertised a year before at 33 cents a pound. Do you think that 33 cents a pound as against $1.15 this year is justified?

The VICE-CHAIRMAN: Are you sure of those figures?

Mr. THATCHER: Yes, I have the figures.

The WITNESS: I do not quarrel with the figures.

Mr. THATCHER: That is my next question.

The WITNESS: Because at this particular time, in April, we were entirely dependent on hothouse tomatoes and we had a very limited supply of hothouse tomatoes.

Mr. THATCHER: Do you think that works out to the benefit of the producer in the long run?

The WITNESS: The price is not a factor, it was simply market conditions where these hothouse tomatoes came onto the market, but they soon levelled out. What I mean is this: there were enough people in the country willing to pay $1.15 for the available supply of tomatoes and that established the price, the law of supply and demand at work.

By Mr. Thatcher:

Q. Your tomatoes sold at 33 cents a pound a year ago and they did not cost you any more, did they?—A. I would not agree to that. There has been an increase in production costs, but not from 33 cents.

Q. What about asparagus? Is that asparagus grown in Ontario?—A. Yes. We have a considerable asparagus crop.

Q. Asparagus in the Toronto papers for the same date a year ago sold at 9 cents a pound and now, just recently, it was selling for 98 cents a pound. I am reading these figures directly from the Toronto ads.

The VICE-CHAIRMAN: Is that per pound in each case?

Mr. THATCHER: It is one pound of asparagus. That is taken right out of the papers.

The WITNESS: I would like to say there, as far as asparagus goes, we have no imports of asparagus where abnormaly it would have been coming in in April. Our asparagus harvest this season is ten days ahead of normal. When it first came onto the market we were getting $10 a basket for it and last Monday the price was down to $3; actually what they were paying for it at the canning factories—then it went down to $2.25 a basket, below canning prices.

By Mr. Thatcher:

Q. Let me put it this way: did your asparagus a year ago at 19 cents cost you any more to produce than it did this year?

The VICE-CHAIRMAN: Much less, don't you mean?

Mr. THATCHER: Yes, did I say more? I meant much less. I mean, have your costs gone up in proportion to the indicated increase in price?

The WITNESS: Our costs have gone up in the year, but our costs have not gone up in proportion to the increase in price you are referring to there. I do not think it is fair, Mr. Thatcher, to take the price that is founded upon the first supply of the first day or two.

Mr. THATCHER: I just happened to pick up the paper and that is what was in it.

The WITNESS: You will find that the asparagus dealer today is in a much different position.

Mr. IRVINE: If you spread it over the season it would not be much higher.

The WITNESS: I am wholly convinced of this, that because of the restriction program which has been keeping out American produce, that our produce will open at higher prices this year. It will open at higher prices this year but it will find its level very close to last year's level very quickly.

By Mr. Thatcher:

Q. But don't you think, Mr. Robinson—and I am only asking for information —don't you think that such fantastic prices, when they are taken for certain products, the situation being what it is, dont' you think that is taking advantage of the market; do you think it was done intending to do that?—A. I will say this, Mr. Thatcher, that if that price prevailed for two months or so then I would think someone should step in and stop it; but where it is a situation with asparagus where such a price can continue at the most for only three or four days, I do not see much wrong with that.

Q. Do you as a producer get the benefits from these prices, or does the wholesaler get the benefit?—A. The producer gets the benefit; and, of course, the dealer gets a higher percentage on account of the higher price.

By the Vice-Chairman:

Q. In so far as this period to which you have been referring is concerned, it has been a period which has operated to increase the price somewhat to the consumer—A. And to the grower.

Q. I was going to ask that as my second question, but you have given me the answer in advance. But the grower has benefited by getting a higher price from that policy, and by the same token the consumer has had some detriment occurring to him?—A. That is right.

By Mr. Thatcher:

Q. And yet yesterday, Mr. Robinson, you said that the growers generally would prefer to stay under ceilings, did you not?—A. No, sir.

Q. What did you say then. You said yesterday that trading was very profitable in many things, much more profitable than in an absolutely free market.—A. I did not say our growers would prefer to stay—if you want my personal opinion?

Q. Yes.—A. And this is a personal opinion and not the growers, I am speaking for myself.

Q. Would not that be—

The VICE-CHAIRMAN: Just a moment now, let the witness go on.

The WITNESS: Now, I am giving my own opinion, my own viewpoint. I am not giving the viewpoint of the Ontario Growers' Association. I would say that the growers were better off under the ceiling arrangement because it offers them one advantage in particular, and that is this; the ceilings gave our growers

a price to shoot at, something they never had; and they had that price in mind all the time. When it was 85 cents they knew it was 85 cents. That was the ceiling. It gave them a psychological something to shoot at.

By Mr. Thatcher:

Q. Stability?—A. They shot at it all the time. Now they are on the open market, and nine times out of ten you just do not know what your price is going to be. The grower himself does not set the price.

Q. There is one point I should like to have clarified. You told Mr. Maybank something a minute ago and now you are saying something that seems to be contrary to that.—A. I do not think so.

Q. Did you not tell Mr. Maybank you made more profits when there were no ceilings?

The VICE-CHAIRMAN: No, he did not say that to me. May I make it clear? He had been discussing certain effects of recent government policies, restrictions, do you see, and my question to him was, "Well then, you would say those policies about which you have been speaking have increased prices", and I said, "to the consumer" with which he agreed, and before I could ask him the next question he answered, "and, of course, to the grower, too". I made no reference whatever to profits. Surely nobody is mixed up about there being a wide difference between prices and profits.

Mr. THATCHER: Very good. I wanted to have it cleared up. All right.

By Mr. Lesage:

Q. Is it not true that it has always happened, as far as man's memory can go back, that the first harvests, or what we call in French les primeurs, have always sold, even in ancient Rome, at somewhat skyrocket prices?—A. That is absolutely true. I go into my tomato patch and I may have 30,000 plants and I may pick 25 baskets. In a week's time I may be picking 400 or 500 baskets. Naturally the price when I am picking 25 is pretty high, but as the volume increases, as the yield increases and these things ripen and ripen fast, and they come into real production, then the price level comes down fast.

Q. That is the inevitable fact?—A. It happens all the time, and also with the American stuff. The opening of the American deals, the respective American deals, finds your first market very high in price, but as the volume comes on those prices go down.

Q. That is the effect of the law of supply and demand?—A. Yes.

By Mr. Thatcher:

Q. The figures I quoted would be comparable dates in each year?—A. Yes, except that there can be a variation on the same dates in each year because of crop conditions on the same dates. You cannot always compare prices on the same date in respective years.

The VICE-CHAIRMAN: You do not know how much sunshine you have had each year, and other things.

By Mr. Mayhew:

Q. Do you not think in this advertisement Mr. Thatcher is speaking of that the dealer in this case is more or less advertising the fact that he has some greens to sell?—A. That is right.

Q. Rather than the price. They did put in the price, but there were no greens on the market at all of any kind. You could not get celery. You could not even get lettuce, and madam who was putting on a party wanted to have something a little special and she was ready for that occasion to pay for it. It was only a spot deal?—A. That is right, it is a spot deal, and there is apparently a section of the public that will always pay any price for a commodity.

By Mr. McGregor:

Q. Mr. Thatcher quoted the price of tomatoes on the Toronto market at $1.15 a pound. Is it not a fact that the reason tomatoes are $1.15 a pound is that American tomatoes have been prohibited from coming on the market at a time when we do not have tomatoes?—A. That is right. There is also another thing, too. Sometimes a high price can indicate a crop failure which reduces your supply. Last year some of our hothouse men even at 33 cents had a very bad year because they had disease in their houses, and they did not do well.

By Mr. Thatcher:

Q. Does that not show that when this embargo has to go on that to protect the consumer ceilings should have remained on? Your cost of production was roughly the same. You would not have been hurt as producers.—A. I will not go that far, but I will go this far, that it is my opinion that the best measure of control under the present situation for the moment would be a percentage mark-up to the trade. I will go a step further and I will say this, that if these restrictions are in effect next winter on the bulk of these products you will not see this kind of prices.

Q. Because you will be in production?—A. Because our growers are already increasing production in anticipation.

By Mr. Lesage:

Q. You say as a wholesaler in the trade that what you propose is a percentage mark-up. Do you propose that there should be a fixed price to the producer or that the price to the producer should be variable?—A. He might not agree with me. I think a fixed mark-up would stop some of the profits that might be taken at certain times by traders who are able to go out and get a supply and are able to hold it for these spots where prices take a sudden jump.

Q. You propose fixed percentage mark-ups to the trade without any fixed price to the consumer or any fixed price for the producer?—A. I think a fixed mark-up would stop some of the things that are going on at the moment. I think a fixed mark-up, for instance, on the imported deal would stop a man from taking $5 a bag profit on a bag of American potatoes.

Q. It is only that I want to be clear on what you propose. It is only a fixed mark-up, no set price to the producer and no set price to the consumer.

By Mr. Monet:

Q. I have two more questions to ask you. On page 12 you refer to the holding of supplies. Can you tell the members of the committee if you know personally of any growers holding any supplies after November 17 in order to have a better profit?—A. Oh, definitely they did.

Q. Would they have kept a large proportion of their crop?—A. I would say that those who had their crop in hand on the morning of the 18th naturally were slow to release it because they anticipated higher prices. Those who had sold before the 17th, as some of us had, were out of the picture, and the dealer then was the one who enjoyed the enhanced price, but certainly our growers who had carrots and cabbage and that kind of thing, when they read the market and saw what was likely to happen, held them off.

Q. Would you have an idea what proportion they had at the time as compared with their whole crop, in other words, the proportion of what they had and what they had sold already?—A. No. I would say this: I have no statistical information but I would say that in carrots, cabbage, beets, spinach, parsnips, that the bulk of the supplies were in the hands of the growers.

Q. On November 17?—A. Yes.

Q. The bulk of the supply would be in the hands of the growers?—A. In celery I would say the bulk of the supply was in the hands of the dealers. In onions I would say it was about 50-50. In potatoes I would say the bulk of the potatoes were in the hands of the growers. and the bulk of the turnips were in the hands of the growers.

Q. Are the growers equipped to keep their crops like that? How do they keep them?—A. Celery is a straight cold storage proposition. Onions are kept in dry storage and in cold storage, too. A lot of growers are equipped to keep their onions for a certain length of time. Potatoes they keep themselves; carrots and cabbage they keep themselves. There are some carrots that go to cold storage, but in the main they are kept on the farm.

Q. The greatest part of the quantity that is kept is kept by them on their farms?—A. Yes.

By Mr. McGregor:

Q. Is it not a fact that the grower in the last ten or fifteen years has been growing less because he would not take a chance on having his supply in the cellar when the American goods came on the market?—A. That is right.

Q. Therefore he only grew what he could sell up to a certain date?—A. That is right.

By the Vice-Chairman:

Q. Is it so that production has been falling off in recent years, generally speaking?—A. I would not put it that way. I would say we have not kept pace in our production of winter vegetables with the expanding market having regard to the growth of the country.

Q. Your production has not fallen off but the trend upward in production, which might have been expected had we been looking at this some years past and could see the future, has not kept up?—A. That is right.

Mr. McGregor: There is a reason for that.

The Vice-Chairman: He has already given the reason and I am just getting the fact.

Mr. McGregor: The reason is government policy.

The Witness: No, not government policy.

The Vice-Chairman: Oh, government policy was what you said. He had said that is not so.

The Witness: You are talking of the long range, not 1948?

Mr. McGregor: The long range.

The Witness: I suppose—yes, it is government tariff policy.

The Vice-Chairman: Government policy in the sense of not shutting out American goods, not with respect to last November, but all through the years.

Mr. McGregor: The reason for that has been that the public likes to buy green vegetables, irrespective of what they have to pay for them.

The Vice-Chairman: I do not know about the reason, but your point, as I understood it, was that there should have been more shutting out of American vegetables by tariff action or otherwise all through the years, and that, by reason of not having that, production has not increased as much as might have been expected. Was that not the point?

Mr. McGregor: Right.

The Witness: There is another factor. Do not forget this, that in the last thirty years there has been an amazing increase in the production of vegetables in the southern United States, an amazing increase, and that expansion has not

stopped. There are areas in the south, irrigated areas, and that kind of thing, that thirty years ago were not producing and are in production today, so that the availability of American produce has increased yearly for the last thirty years.

By The Vice-Chairman:

Q. You have availability on the one hand, and on the other hand you have had government policy of not shutting out goods from foreign countries, and therefore you would say your production has not gone up as rapidly as might otherwise have been the case?—A. That is right.

Q. Is that not true?—A. That is correct.

Q. I think that will be quite sufficient for Mr. McGregor and it is certainly sufficient for me.

Mr. McGregor: There is one thing I want to get quite clear, that I do not think Mr. Robinson wants to shut out American goods at any time when we have not got Canadian goods to supply the market.

The Witness: That is right.

The Vice-Chairman: In my remarks I did not intend to be argumentative at all. I want to get it clear.

Mr. Mayhew: Are we proceeding with this this afternoon?

The Vice-Chairman: Will you need Mr. Robinson this afternoon? I fancy he has given us a pretty complete story already.

Mr. Irvine: I had some questions but it is not important.

The Vice-Chairman: He has given us a good deal of his time.

The Witness: I am available if I am wanted.

The Vice-Chairman: I do not think the witness will be needed for this afternoon. Thank you very much.

The committee adjourned at 1.00 p.m. to resume at 4.00 p.m.

AFTERNOON SESSION

The committee resumed at 4.00 p.m.

The Vice-Chairman: I report to the committee that I interviewed Dr. Beauchesne and asked him for the opinion which the committee had requested. He did not give it to me then and said he would give it just as soon as possible.

M. M. Robinson, Secretary-Treasurer, Ontario Fruit and Vegetable Growers' Association, recalled:

By Mr. Monet:

Q. I have asked Mr. Robinson to come back for some information that certain members of the committee have asked him for and also have asked counsel to give on cold storage produce. I should like Mr. Robinson to tell the members of the committee about that situation.—A. Mr. Chairman, Mr. Mayhew desired it. I might say—I do not know whether it comes within the scope of this committee or not—there is a terrific shortage of cold storage facilities, and it seems to me that possibly the cold storage Act should be subject to review to see if the measure of assistance could be increased. At present the federal government pays a grant of 30 per cent of the total cost spread over five years. The provincial government advances in loan the equivalent, and the growers either co-operatively or otherwise raise the rest of

the money. The increased cost of these plants is making it very difficult for the grower organizations to do the necessary financing. I am just suggesting that possibly the members might find it worthwhile to give the matter some consideration to see if something could not be done to facilitate the erection of these cold storage plants.

By the Vice-Chairman:

Q. The provincial help is strictly a matter of a loan. How long does it run?—A. It is a straight loan, and they usually give them a considerable length of time.

Q. It is not a uniform length of time.—A. I think it is uniform under the Act but they are quite flexible in their interpretation of the regulations.

Q. The rate of interest is pretty low?—A. Pretty low. If the cold storage plant does not maintain its full annual repayment but is making some payment they will ride with the operator.

Q. The dominion government, as I recall it, gives— —A. Thirty per cent.

Q. Fifteen per cent immediately, and then spreads the other 15 per cent.—A. I do not think it is that high for the initial grant, but it is over a 5-year period that the grant is made.

The VICE-CHAIRMAN: Are there any questions on that point? Thank you, Mr. Robinson.

Mr. IRVINE: Mr. Chairman, since the witness is back I want to ask one or two questions relative to the inquiry this morning.

By Mr. Irvine:

Q. Is the producer ever in a position to put a price on his commodity which must be accepted by the trade?—A. Well, in theory he is always at liberty to do so, but in practice it does not work that way. I would say the only time he is in the driver's seat is when the supply is very short.

Q. Even then he would hardly be in a position to say, "You can take it or leave it."—A. I have seen times when he could do that.

Q. Very seldom.—A. I would say it was more the exception than the rule.

Q. That means then that under the free enterprise system and this strange fetish, the law of supply and demand, the free enterpriser has an advantage in that he does have a chance to do some price fixing.—A. I think I would put it this way. I would not put it that way. I would say that the farmers' weakness to my mind is that it is a case of a large number of individuals meeting a reduced number of dealers. In other words, there are fewer dealers than farmers, and when there are a lot of individuals they are more at the mercy of the buyer than if there were as many buyers as sellers.

By Mr. Kuhl:

Q. Would you say the buyers are not competing with each other at all times?—A. Yes, the buyers do compete with each other, definitely so.

Q. Therefore as a result of the exercise of that principle the grower in the main would receive the highest possible price?—A. Well, the fact that the grower has had to do some organizing, has had to create some organized effort to control prices such as he found necessary under the Farm Products Marketing Act I would say indicates there is a weakness in the structure because otherwise he would not have to do those things. You see the Farm Products Marketing Act came into existence because of the farmer's inability to meet the processing industry in the setting of prices. The processors had an edge under the system in buying and were able to drive prices very low at times. That is why the Farm Products Marketing Act came into being. Under that Act, of course, it is laid down that all prices for these products under the Act are now settled by

negotiation. If negotiation fails arbitration is compulsory. I may say it has worked very well. It has given the farmer much more bargaining power than he had as an individual.

By Mr. Irvine:

Q. Let us put it this way. Suppose competition is really active, which I think is rather seldom myself—that is an opinion—and suppose we have a scarcity market, as I presume we have in some things at the present time; then if competition was active in the buying field they would be responsible for putting prices up.—A. The farmers—

Q. No, the competitors who are competing in the market buying a commodity which is scarce.—A. Well, I would say at the start of the deal that the trader would have the edge because he would be more familiar with market conditions. He would be aware of the trend.

Q. I think you are not getting my question, Mr. Robinson. I probably did not put it very clearly. Take, for instance, the matter of tomatoes. When they are scarce in Canada as they are right now when the market is forbidden in the United States and yours are just coming on the market and there is a great scarcity, then if there are a number of competitive buyers for your tomatoes that will tend to raise the price? One will bid against the other?—A. Yes.

Q. Then if competition reduces prices on the one hand it most decidedly raises them on the other, does it not?—A. Quite right.

Q. You said on page 2 of your brief—it has been referred to already—that more than one load of imported produce found its way to the dump. Of course, you do not say, and I do not think it occurred, that this loss was a deliberate thing to make a shortage?—A. No, it was not.

Q. It was merely that they had over-bought, and the Canadian produce came on the market and reduced the cost until they could not unload, but nevertheless would you say that there is something wrong with a system which, for one reason or another, does allow food that people could use to go to waste like that?

The Vice-Chairman: Just a moment before you answer that. Do you believe it is quite appropriate to ask the witness to give evidence as to what is right and what is wrong with systems? Factual evidence by the witness is one thing, and inferences to be drawn from it are another.

Mr. Irvine: It is merely a matter of taking the leap. I can get at it another way. I will ask the witness if he has any knowledge whether the company in question which lost these goods had made a report of the situation either to the government or to the Wartime Prices and Trade Board or to any other authorities that they were in danger of losing a large amount of precious food which ultimately might affect the market?

The Vice-Chairman: You see, Mr. Irvine, just before you put any question at all, that is exactly the point. A question can be asked which will bring out information which you may desire to bring out. If you ask opiniovative questions covering a broad economic question, if you proceed that way, we might never get through, but factual questions from which you and others may draw inferences are, I should think, in a different class.

Mr. Irvine: This is no longer opinion I am asking for. I am asking the witness if he has any knowledge whether the company in question—

The Vice-Chairman: You did suggest you could change it to that. I presume what you meant was that is the question you are now asking?

Mr. Irvine: Yes.

The Witness: I would say as far as my knowledge is concerned the answer would be no, and my own opinion would be that the answer would be no.

I should like to say, Mr. Chairman, that there is one feature in the wholesaling of fruits and vegetables that I have stressed in my brief, and that is the place that the commission wholesaler occupies. As long as we have the commission wholesaler method of doing business the grower, who might feel he is at the mercy of the chap who buys at a firm price, and that the grower who deals that way is not getting an adequate return from that buyer, always has the commission wholesaler to turn to. Then he knows when he deals with the commission wholesaler that he is getting the swings of the market either up or down, and he has that way out, that departure to get away from the actual cash buyer. That is one of the reasons why we are so strong for the commission wholesaler. It has a regulatory influence on the rest of the operation. I do not know about other industries. I do not imagine they all have the same kind of set-up, but definitely we have it and we approve of it. We think the commission wholesaler occupies a very important part in the distributive service.

By Mr. Irvine:

Q. I think you expressed the opinion in your evidence today that the trade can push prices up until the consumers stop buying.—A. When I use the term "trade" I include, of course, retailers as well as wholesalers. I am using the word "trade" in the collective sense. I did tell you, and I repeat, that the trade sets the prices, normally so.

Q. And they can push the price up until the consumer stops buying? When do you suppose the consumer stops buying?—A. When the consumer figures the price of the commodity has got beyond his or her range.

Q. That could only have a very limited meaning. I mean we could not expect the resistance of the consumer to regulate prices in matters of essential food stuffs because they cannot stop buying the essentials, can they?—A. As to the elementary essentials which are necessary to maintain life I would say no. All that the consumer can do there is to reduce the quantity of purchases.

Q. And he therefore has to want by the amount that he cannot buy? That is the logic of it?

By Mr. Merritt:

Q. When you talk of the ability of the trade to push prices up and down is it not right they do that in relation to supply and demand and not in a back room?—A. Yes.

By Mr. Irvine:

Q. It does not make much difference to me at the moment as to the mechanism of arriving at the result. I am talking about the result. The same process which is going on in regard to potatoes is going on in regard to carrots, fruits and all kinds of vegetables, flour and every other commodity. Is it not the same process of forcing the price up if they can until the consumer has to try to resist?—A. I think we must be frank with each other and admit that we are operating under a system which it is not my position to say whether or not the system is right or wrong. I do not profess to do that, but if you want to know where I stand personally I believe in the free enterprise system with certain reservations, and as long as we operate under a system in which the basic law is one of supply and demand, and the principle that is employed in the trading is to buy as cheaply as you can and sell for as much as you can, then we have to accept what comes with it. Part of it is that at times on food stuff they seem to get to price levels which are beyond the reach of some people who should have them.

Q. I agree with you there; but it has been suggested here, and the same suggestion would probably be inferred from your testimony, that seeing that meat, for instance, or beef is fairly high and there seems to be an abundance of pork that people might eat pork instead of beef; like Marie Antoinette who advised them to eat cake when they could not get bread.

The VICE-CHAIRMAN: Excuse me, that was not a suggestion, but rather eating by compulsion. That was not a voluntary switchover.

Mr. IRVINE: It doesn't matter.

The VICE-CHAIRMAN: Oh yes, it matters.

Mr. IRVINE: I think sir, you have suggested to yourself, if I am not mistaken; and the reason for making it was that it might reduce the price of meat if there was less demand for it and since there was plenty of pork they could eat pork and thus reduce the demand for beef and thus reduce the price of beef. That is the reasoning of it. My point would be then that switching the demand to pork would merely raise the price of pork to where beef was and the housewife would be chasing herself between beef and pork trying to keep both down and having to keep both up at the same time; and I think the same thing would apply in switching from one vegetable to another in the market in which you were interested, if we are to leave the thing wide open to control to be controlled by what you have said, supply and demand. I want to ask this question. Would not the producer be better off and indeed the trade itself be better off and the consumer better off if a stable price for all the commodities under a ceiling of fruits and vegetables were to be effected? To make clear what I mean, I think somebody referred to tomatoes selling at $1.15 this year and last year they sold at 33 cents. Now, suppose the price was 70 cents and pretty well stabilized there, would not that be a more desirable thing for the producer?

The WITNESS: Well, that is the question leading into a discussion on economics and economic theory. I would say this, and very positively, that the bulk of our farmers are more interested in a stable price level being maintained throughout the picture than they are in these very sharp ups and downs which drop down to very low depths at times to great heights at times. Our farmers, and I am one of them, are greatly interested in the stabilizing of their prices without sharp swings, and I think that is one of the things that this vegetable industry needs to carry themselves.

Mr. THATCHER: You want the ceilings to go on and to stay on?

The WITNESS: If you are going to have a ceiling then you must also discuss floors, because both are part of a pattern.

Mr. KUHL: But you would need a fairly constant supply in order to benefit that way.

The WITNESS: The question of constant supply—you are dealing with products which flow on to the market very unevenly, and that creates a situation over which nobody has any control, and it is created by a factor over which nobody has any control—the weather. That is one of the most disturbing factors in this whole market question as far as that is concerned. Some of these sharp rises and sharp falls in the market are very often attributed to weather conditions.

By the Vice-Chairman:

Q. If we got settled by a ceiling and a floor and we ran into a condition of short supply due to weather, what then?—A. Then you have a problem of distributing supplies so that everybody can get a little bit of it.

Q. So rationing comes next. So we move from one thing to the next. What then?—A. High prices and rationing.

Q. What is the next step after rationing?—A. The next step for the farmer is planned production or regulated acreage.

Q. Then of course there is the black market. At what point does that come in? Is it a necessity of that system?

Mr. THATCHER: Now, Mr. Chairman, I do not know that you are putting a fair question.

Mr. IRVINE: It is just his opinion. That is all right, but I was stopped on it.

Mr. THATCHER: It is an opinion.

The VICE-CHAIRMAN: I won't press it then. I thought perhaps, gentlemen, we had started to move along and would like to see a little more than one step ahead; but I see you are interested more in the words of the hymn "One step enough for me—"

Mr. THATCHER: That is only an expression again.

Mr. IRVINE: I have no objection, Mr. Chairman; if you would like to ask questions I do not wish to stop you.

The VICE-CHAIRMAN: We won't proceed then to discover "the distant scenes"; we will just imagine them.

Mr. IRVINE: May I ask one more question then arising out of the last remark of the witness, that high prices are a rationing factor. I think that we must agree that that is so. But I would ask this question; is not rationing one of the most unfair methods since only those who have money to pay the high price can get all they want whereas those who have got but a little money or no money cannot get any?

The WITNESS: I do not know that I should be asked to go so far as to express an opinion on that.

The VICE-CHAIRMAN: You are not under any obligation to answer unless a factual question is put.

Mr. IRVINE: Is that your ruling?

The VICE-CHAIRMAN: Yes.

Mr. IRVINE: I submit my question was very factual.

The WITNESS: I submit, Mr. Chairman, that I am here to discuss the things that happen from the standpoint of prices under conditions which prevail.

Mr. IRVINE: Well, that happens then; or doesn't it—what I have asked in my question?

The WITNESS: Yes.

The VICE-CHAIRMAN: Again, may I point out, that you have not asked a factual question. The question the way you asked it gets into the realm of ethics and morals.

Mr. IRVINE: I am not interested in ethics or morals at the moment. I say this, does it not happen, that in the process of rationing people who have sufficient purchasing power get the larger share of whatever there is or the commodity concerned and those who have less purchasing power get less?

The WITNESS: That is true.

The VICE-CHAIRMAN: That is true, surely. Mr. Irvine, the whole committee would have been quite willing to take your own statement even if you are not sworn.

Mr. IRVINE: But you would not let me make it.

The VICE-CHAIRMAN: Oh yes, but you were not making it in the form of a statement. Everybody would agree with what you said. Is there anything else in the way of factual questions?

Mr. MCGREGOR: I will try to make this one not quite so complicated. The question is on a statement which the witness made yesterday in connection

with these four carloads of potatoes which came into one of the markets and which were sold at a very exorbitant profit. I think this committee should know who got these potatoes in and also that they should be brought before this committee to answer questions as to what they paid for them and what profit they made on them and so on.

The VICE-CHAIRMAN: I am ignorant of the particular deal to which you refer. Just taking your question, what you say would seem to be quite right I mean and there is no reason why evidence could not be secured from the witness if he can give it. Just ask your question as to who was who and so forth.

Mr. MCGREGOR: Who was the firm who brought these potatoes in and under what conditions were they brought in?

The VICE-CHAIRMAN: Wait, ask one question first, will you Mr. McGregor; who brought those potatoes in?

Mr. MCGREGOR: Who brought them in, first?

The WITNESS: Marlow and Company, and the Mac Fruit Company of Toronto.

The VICE-CHAIRMAN: Were there four carloads?

The WITNESS: Yes.

The VICE-CHAIRMAN: And who brought in how many?

The WITNESS: I understand each company brought in two cars.

The VICE-CHAIRMAN: And the capacity of a car was—do you know?

The WITNESS: 360 bags per car.

Mr. MCGREGOR: I understand that the duty went on on the 22nd of April and these were brought in on the 29th of April. How could they be brought in on to our market after the duty went on?

The WITNESS: It is not a question of duty, it was a question as to food control, they had decided to place an embargo on U.S.A. potatoes, and the embargo was placed on I think on the night of the 21st. These four cars of potatoes were sold by the brokers on the 19th and any potatoes rolling prior to the ban being applied were admitted, it might be a week or ten days afterwards.

The VICE-CHAIRMAN: These were in transit, were they?

The WITNESS: They were supposed to be in transit, I believe they were prior to the hour of the ban being applied. They came into Toronto and I suppose you would class them as a delicacy, I imagine. They were California new potatoes.

The VICE-CHAIRMAN: All right.

The WITNESS: I think the laid-down cost was somewhere around $7 to $7.25 a bag and potatoes sold at wholesale prices were anything from $12 a bag to $15 and $16 a bag. The first car was sold at $12 a bag and I understand that some of the others sold as high as $16 a bag wholesale.

Mr. MONET: Did you say wholesale?

The WITNESS: Yes.

The VICE-CHAIRMAN: Quick sale.

The WITNESS: Very fast sale; and the point I tried to bring out, Mr. Chairman, was that we growers are sometimes skeptical of the furore about some of these prices we get when we see a ready sale for potatoes like these at the prices which were secured for them.

Mr. THATCHER: I wonder if the Wartime Prices and Trade Board have any knowledge of that transaction.

The WITNESS: They would not have any knowledge of it until after it took place.

Mr. McGREGOR: Were there any steps taken by the Wartime Prices and Trade Board?

The WITNESS: I could not tell you.

The VICE-CHAIRMAN: I am informed that the matter has been and is under investigation by the Board.

Mr. THATCHER: I see.

Mr. McGREGOR: There has been an investigation?

The VICE-CHAIRMAN: The Wartime Prices and Trade Board have it under investigation and it is still under investigation by them.

Mr. McGREGOR: When did they put it under investigation?

The VICE-CHAIRMAN: Can you answer that, Mr. Spence? I understand it was shortly after the transaction. Gentlemen, I think you will agree that you would not want to have too much discussion on it while they are investigating it; but it has been subject of investigation from just about the time of their arrival. There are some legal points to be considered with relation to the discussion. You see, there is no definite ceiling on these things. There is a possibility, however, of action being taken; but perhaps it is not in the interests of actions of the Investigating Board to examine too closely into it as yet.

Mr. McGREGOR: That is what this committee is here for, to investigate transactions of this kind.

The VICE-CHAIRMAN: Yes. I don't want you to misunderstand me. I only meant that sometimes by telegraphing a flow it does not do any good; and these other people are working on it. That does not mean that I am suggesting that further questions will not be asked here.

Mr. McGREGOR: Sometimes telegraphing is too slow.

The VICE-CHAIRMAN: All right, go ahead.

Mr. McGREGOR: I think this is a glaring case where people made a profit of $5 a bag or more on potatoes, and I am going to move that these two commission men who bought these two cars of potatoes be asked to appear before this committee.

The VICE-CHAIRMAN: May I suggest that it would be better to leave that to the steering committee and get on with the witnesses who are here. Is that what you want, to leave it to the steering committee?

Mr. McGREGOR: Pardon?

The VICE-CHAIRMAN: Will you leave that to the steering committee?

Mr. McGREGOR: No. I have had some experience with steering committees before and I think things could be done just as well in this committee as they can be in the steering committee because there are only two or three on the steering committee and I think this committee is just as well qualified to deal with this matter as is the steering committee.

The VICE-CHAIRMAN: All right, the motion is in order. Have you a seconder?

Mr. IRVINE: I second it.

Mr. KUHL: Just a word. Could that be taken as an example of what was going on at that time as being typical of the industry as a whole? Would it be of much benefit if we did get the answer?

Mr. McGREGOR: We have only the statement of the Board.

Mr. KUHL: I think what we are after is the general trend, the whole picture. I do not think we can form an opinion on the industry as a whole on the basis of four carloads of potatoes.

The VICE-CHAIRMAN: I would like to point out two reasons why I suggest to you that these matters should not be settled, why this procedure of this committee should not settled in the main committee at this time in the middle of taking evidence. One is that the case with regard to fruit and vegetables it has been decided would be worked out by counsel, and that has been done. Another is that the steering committee considers whatever might be done so as not to take up the time of a considerable number of witnesses who have been brought here. If we have to consider procedure details as we go along and in the middle of evidence and just whenever some particular item of evidence comes up we will not get along very fast with witnesses. Now, I submit to you gentlemen that the various businessmen who have come here generally, and they I think have always come without subpœna, but rather on suggestion; and they have a right to have their time regarded by us, and the discussion of matters of this kind takes a lot of their time.

Mr. IRVINE: I do not agree with your position there. I took the same position yesterday and I am not departing from it now. I am seconding this matter because I want to see these men here; but I have no objection as far as I am concerned, in fact I would rather the steering committee should consider the matter and report back here to this committee; and there is no particular hurry, the thing is done and it can't be undone and we could investigate it just as well next week as this week; then, if Mr. McGregor is willing I do not see why we should not pass the motion and pass it on to the steering committee to decide. But I don't want to leave it there without a report from the steering committee. I don't think the steering committee is doing very much.

Mr. MERRITT: Their rudder is loose.

The VICE-CHAIRMAN: There has not been any occasion for the steering committee to meet inasmuch as detailed matters have been in the hands of counsel to prepare the case and they have done so. There is not at the present time any unfinished business in the hands of the steering committee.

Mr. THATCHER: How about nails?

The VICE-CHAIRMAN: That is not a case, you know the situation there.

Mr. THATCHER: It has not brought in a report yet.

The VICE-CHAIRMAN: That is so, but that is not in the hands of the steering committee.

Mr. IRVINE: And what about binder twine, Mr. Chairman?

The VICE-CHAIRMAN: Those matters are not unfinished business in the hands of the steering committee, Mr. Irvine; I am sure you will agree with that.

Mr. IRVINE: I think we should have some reports on these things.

Mr. THATCHER: Lets get on with the evidence.

The VICE-CHAIRMAN: What do you wish to do about this, gentlemen; do you want to pass the motion now? Is the motion to refer it to the steering committee? What do you want to do?

Mr. BEAUDRY: The seconder seems to be of the opinion that the matter should be sent to the steering committee rather than dealt with here.

Mr. IRVINE: No, I would second it in either case, but I am suggesting to the mover if he is willing it might be better procedure to follow the suggestion of the chair. I am not going to withdraw my seconding.

Mr. McGREGOR: What assurance have we got that the steering committee will pass this question?

The VICE-CHAIRMAN: No assurance.

Mr. McGREGOR: No assurance at all?

The VICE-CHAIRMAN: No assurance.

Mr. McGregor: Then my motion stands.

The Vice-Chairman: Are you ready for the question, gentlemen? Those in favour—opposed?

The motion carried.

Now gentlemen, we have another witness.

Mr. Monet: I will call Mr. Wolfe and Mr. Austin.

Raphael D. Wolfe, General Manager, Ontario Produce Co., 1705 Bathurst Street, Toronto, called and sworn: (The witness)

David Austin, Assistant Manager, Ontario Produce Company Limited, 157 Donegal Street, Toronto, called and sworn:

By Mr. Monet:

Q. Mr. Wolfe, would you be good enough to give us your first name?—A. Raphael.

Q. And your address?—A. 1705 Bathurst Street, Toronto.

Q. And your present occupation?—A. I am general manager of the Ontario Produce Company Limited.

Q. And your head office is in Toronto?—A. Yes.

Mr. Monet: Now, Mr. Austin, would you give us your full name, please?

Mr. Austin: David Austin.

Mr. Monet: And your address?

Mr. Austin: 157 Donegal Avenue, Toronto.

Mr. Monet: And your occupation?

Mr. Austin: Assistant General Manager, Ontario Produce Company Limited.

By Mr. Monet: (to Mr. Wolfe)

Q. Now, Mr. Wolfe, I understand that you are here representing the Ontario Produce Company Limited?—A. Right.

Q. And you have already told us that you are General Manager; is that it, and secretary of the company?—A. That is right.

Q. Would you give members of the committee the name of the president, the vice-president and the treasurer of the company?—A. Maurice Wolfe, president.

Q. Is he related to you?—A. My father.

Q. And the vice-president?—A. Tillie Wolfe, my mother—and Max Wolfe, the treasurer, an uncle.

Q. You are the secretary?—A. Yes.

Q. Would it be right to state this firm is a family matter?—A. Yes.

Q. Is your company related to any other company or has it a subsidiary in any other company?—A. No, sir.

Q. The company has no subsidiary?—A. No sir.

Q. Would it be a fair statement to say that your company, the Ontario Produce Company Limited, is one of the largest, if not the largest wholesale fruit and vegetable company in the Toronto area?—A. That is a matter of opinion.

Q. I understand you have quite a few competitors here in the room but it is a fact that your company is considered, not only by yourself, but by your competitors, as being one of the most important in the Toronto area? There is no harm in saying yes?—A. Yes.

Q. That is the way you feel about it?—A. Yes.

Q. I think quite a few of your competitors feel the same way. Would you tell the committee when your company commenced operation?—A. On May 29, 1921, it became a limited company. Prior to that time it was a private company.

Q. It was incorporated on May 29, 1921, and until then it was a partnership was it?—A. Yes.

Q. Would you give the members of the committee the date of your fiscal year ending?—A. December 31st.

Q. Mr. Wolfe, I would like you to describe to the committee the general nature of your operations?—A. Our company combines practically all features of the wholesale houses described by Mr. Robinson previously—the better features I hope. We operate both as importers and as commission merchants. We buy domestic produce and we handle domestic produce on consignment. We process fruits and vegetables—trim celery, wash carrots, bag potatoes,—and at the same time we carry on a normal trade in full line of fruits and vegetables.

Q. Do you carry any cheap lines of fruits and vegetables? Or do you carry them all?—A. We carry them all—we try to carry everything in fruits and vegetables.

Q. Now I understand your company deals in both domestic and imported produce?—A. That is right.

Q. What proportion of your total business would be represented by your dealings in domestic goods?—A. I would say the figure is pretty close to 40 per cent—perhaps I should correct that and say it would be closer to 50 per cent.

Q. The other 50 per cent of your dealings would be with imported goods?—A. Yes.

Q. Now, with respect to that proportion of your handling of domestic goods, would you tell the members of the committee how you purchase and where you make your purchases?—A. The domestic goods include British Columbia apples, maritime potatoes, onions from Ontario, and certain vegetables from the western provinces. Most of the commodities are bought either from shipping points or through established brokerage houses at the city of Toronto. With respect to domestic crops in Ontario many of them are brought by truck from the grower or from dealers who operate through the growing sections. There is also a percentage of merchandise bought off trucks which arrive at our warehouse—stray lots.

Q. Those dealings which you have described are outright purchases?—A. That is right.

Q. You do make outright purchases of every one of the fruits and vegetables you have mentioned?—A. Yes.

Q. What proportion of the domestic goods do you handle on a commission basis?—A. Roughly 50 per cent of the domestic goods.

Q. That would be 50 per cent of the 50 per cent you have already mentioned?—A. Yes.

Q. About one quarter of the goods you handle would be handled on a commission basis?—A. Right.

Q. What commission do you take?—A. Generally $12\frac{1}{2}$ per cent plus handling charges.

Q. When you say "generally" what do you mean?—A. Some arrangements are made with dealers or large shippers whereby we only charge 10 per cent if they send large volumes of merchandise to the market.

Q. Would you describe your selling operation with respect to goods handled on commission basis?—A. I do not quite understand that.

Q. How do you operate or make sales of your commissioned goods—the goods which you sell on commission? Where do you sell those goods and how do you proceed as far as prices are concerned?—A. Sales of commissioned goods are handled generally the same as other types of sales. The trade is broken down

into three sections. There is a fairly substantial jobbing trade—that is direct contact when the goods arrive at our warehouse or by telephone. There is also the retail trade and the chain store trade. We attempt to canvass all three sections and in so doing we attempt to sell the consigned merchandise as well as our own.

Q. I suppose in dealing that way, as we were told by Mr. Robinson previously, you try to get the best possible price for the people for whom you are handling the goods?—A. That is right.

Q. What proportion of the commission goods which you handled last year was sold to chain stores?—A. A very small proportion of the commission goods. The chain stores generally in the Toronto area do as much direct buying from the growers as they can.

Q. So the proportion of goods bought from your company is very small?—A. Very small.

Q. To whom do you sell mostly?—A. Our chief sales are to the large out of town jobbers.

Q. Retailers?—A. I would say to retailers secondly.

Q. Do you sell a large proportion of your goods to retailers?—A. About 40 per cent.

Q. Now do you deliver the goods you sell to the retailers or do the retailers get them at your price?—A. Both of those events occur.

Q. You are organized to make delivery of the goods yourself?—A. Yes.

Q. Now do you store any goods, Mr. Wolfe? Does the company store any fruits and vegetables?—A. We try to carry three weeks' to a month's supply of most root vegetables at all times.

Q. Does that apply to twelve months of the year?—A. No, that is in season. It would be through the fall season and the winter season.

Q. You do not store any goods in the summer months?—A. No.

Q. When do you start storing goods, the supply of which you have just mentioned?—A. Around the end of September.

Q. And you store until what time or period of the year?—A. Until the vegetables run out and that is generally around the end of January or the first part of February, depending on the situation and the American imports.

Q. What proportion of your stored goods did you already have stored on November 17 of last year?—A. It is difficult to answer that question because at the same time we have goods in storage we are trying to keep a month's supply and we are constantly buying and selling.

Q. Do I take it the goods you keep on buying and selling are put into storage to replace the goods you take out?—A. Sometimes that happens and sometimes it does not. Sometimes merchandise comes into storage in September and remains there until February or March, depending upon its condition.

Q. Would you give the members of the committee some information as to the way the goods you store in September are handled? What proportion do you keep for a month or two months, and what do you replace by goods which you keep buying?—A. We have a fairly substantial carrot operation at our place. We wash carrots and our average sale of carrots would be about 2,000 bushels a week. In September we start to accumulate carrots to forestall any bad weather difficulties that might arise or any shortage that might develop, so that we can have a constant supply until such time as domestic carrots are replaced by American imports. These carrots start accumulating in the fall of the year and they are not used, as a rule, unless they deteriorate severely or unless we strike a temporary shortage and we would have to draw them from storage.

Q. Can you tell the members of the committee what proportion of carrots you had in storage on November 17—what is the proportion with respect to your whole dealings in carrots during the whole year?—A. Roughly two weeks' supply.

Q. Two weeks' supply, but in percentage what would that be compared to the total handling of carrots?—A. About 15 per cent.

Q. About 15 per cent?—A. Yes, sir.

Q. What would be the proportion for onions as of November 17?—A. The figure for onions would be closer to 65 per cent.

Q. That means you have to buy another 35 per cent during the balance of the year to meet the demand?—A. That is right.

Q. And in the case of carrots you must buy 85 per cent?—A. That is right.

Q. Now with respect to onions would you give us the percentage which you had on hand on November 17?—A. Roughly 65 per cent—was that not your last question?

Q. Pardon me. What did you have on hand in the way of potatoes?—A. About 40 per cent.

Q. I would like to ask you to explain how you proceed to get the supply you need from November 17 last in order to answer the demand for your trade? Where do you purchase your goods and how do you proceed to purchase the same?—A. Are you referring to carrots at this moment?

Q. Take carrots first?—A. Carrots are bought two ways at that time of the year. Primarily they are bought from the growers who sell off the carrots in their pits. Either the grower offers the carrots at the warehouse or our country man will contact the grower and attempt to buy. The other method is to buy from other dealers who have stocks on hand.

Q. It is understood that we are talking about the period from November 17 onward?—A. Yes.

Q. I just wanted to keep that distinctly in mind. Do you mean that your country man goes into the country and contacts the growers?—A. He contacts the growers. He goes from district to district checking on supplies, and purchasing where necessary or where produce is available.

Q. That applies in the case of every vegetable?—A. In the case of root vegetables it does.

Q. Has that always been the policy of the company?—A. Always.

Q. And the proportion of goods you gave a few minutes ago as of November 17, 1947 is or is not substantially the same as in previous years? Is the figure lower or higher?—A. I would say it was pretty much the same every year.

Q. So that on November 17 last year there was no accumulation on your part of any of the goods referred to?—A. None other than our normal supply.

Q. Which normal supply you describe as being two weeks to a month?—A. That is correct.

Q. Now do you own your cold storage? When I say you, I mean the company, or do you rent the necessary accommodation?—A. We have about 15,000 feet of cold storage under our own roof but we rent whatever additional is required.

The VICE-CHAIRMAN: What does 15,000 feet mean? Does that refer to cubic feet or square feet?

The WITNESS: Square feet.

Mr. MAYHEW: Floor space.

The WITNESS: Yes.

By Mr. Monet:

Q. What proportion of your goods will that cold storage space which belongs to you accommodate?—A. It depends upon the season of the year.

Q. Let us take last year and the figures you have given us?—A. I would say about 35 per cent.

Q. So you must rent accommodation or space for the balance of your stored goods?—A. That is right.

Q. What is the cost of renting accommodation for storage?—A. Well there are varying costs. Storages may be rented as units—they vary in size and the cost ranges from $75 to $275 per unit. Similarly storage may be rented on a package basis and I believe there is an approved schedule of rates for cold storage in Toronto.

Q. You have been asked by the secretary of the committee to answer a questionnaire, Mr. Wolfe? That questionnaire is going to be filed as Exhibit No. 105. I am now showing you this questionnaire with the answers given and I take it you accept it as being prepared by your company in answer to questions asked the committee counsel?—A. Yes.

EXHIBIT No. 105—Preliminary Information—Fruit and Vegetable Inquiry supplied by The Ontario Produce Company, Limited:

EXHIBIT No. 105
Statement 1
General Information

HOUSE OF COMMONS

SPECIAL COMMITTEE ON PRICES

Preliminary Information—Fruit and Vegetable Inquiry

1. Name of Company: The Ontario Produce Co. Ltd.

2. Address of head office: 28 Market St., Toronto, Ontario, Canada.

3. Date commenced business: May 29, 1921.

4. Names and addresses of parent, subsidiary and affiliated companies:

5. Names and addresses of officers and directors or partners: Maurice Wolfe, 779 Spadina Road, Toronto, President; Tillie Wolfe, 779 Spadina Road, Toronto, Vice-President; R. D. Wolfe, 1705 Bathurst St., Toronto, Secretary; Max Wolfe, 22 Ardmore Road, Toronto, Treasurer.

6. Location of branches, warehouses and other places of business (including those of subsidiary companies engaged in the fruit and vegetable trade):

THE ONTARIO PRODUCE CO., LTD

(28 Market St., Toronto)

AVERAGE SELLING PRICE

Date	Oranges Calif. 288	Apples B.C. 125-138 delicious "C"	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported U.S. No. 1 washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
	$ cts.	$ cts.	$ cts.		cts.		cts.	cts.	cts.	cts.	cts.
1947											
October 2	5.00	N.A.	1.52	....	N.A.	....	.038	N.A.	.029	N.A.	.027
October 9	5.31	N.A.	1.42	....	.025	....	.04	N.A.	.029	N.A.	.033
October 16	5.15	N.A.	2.20	....	.024	....	.037	N.A.	.03	N.A.	.03
October 23	5.38	N.A.	1.81	....	.024	....	.033	N.A.	.021	N.A.	.03
October 30	5.46	N.A.	2.21	....	.023	....	.031	N.A.	.026	N.A.	.029
November 6	5.01	N.A.	2.53	....	.028	....	.028	N.A.	.028	N.A.	.028
November 13	5.21	N.A.	2.50	....	.029	....	.03	N.A.	.029	N.A.	.026
November 20	6.67	N.A.	3.73	....	.034	....	.04	N.A.	.035	N.A.	.04
November 27	No sale	N.A.	4.02	....	.037	....	.046	N.A.	.045	N.A.	.048
December 4	5.18	No sale	4.01	....	.034	....	.042	N.A.	.041	N.A.	.04
December 11	4.92	No sale	3.99	....	.033	....	.067	N.A.	.035	N.A.	.043
December 18	5.31	No sale	3.86	....	.033	....	.067	N.A.	.04	N.A.	.041
December 24	5.47	3.12	3.60	....	.032	....	.072	N.A.	.045	N.A.	.04
December 31	5.50	No sale	4.26	....	.033	....	.096	N.A.	.049	N.A.	.045
1948											
January 8	5.83	No sale	7.71	....	.036	....	.115	N.A.	.05	N.A.	.05
January 15	6.03	3.10	3.66	....	.033	....	.103	N.A.	.05	N.A.	.054
January 22	6.00	3.12	N.A.	....	.032	....	N.A.	N.A.	.054	N.A.	.055
January 29	No sale	2.75	N.A.	....	.033	....	.10	N.A.	.055	N.A.	.062
February 5	6.22	2.95	5.08	....	.032	....	N.A.	.05	.059	N.A.	.065
February 12	5.74	3.25	N.A.	....	.033	....	N.A.	.037	.066	N.A.	.07
February 19	No sale	3.00	N.A.	....	.033	....	N.A.	.034	.074	N.A.	.08
February 26	5.16	3.08	N.A.	....	.033	....	N.A.	.037	.094	N.A.	.085
March 4	5.11	No sale	N.A.	....	.034	....	N.A.	.036	.12	N.A.	N.A.
March 11	5.18	No sale	N.A.	....	.033	....	N.A.	.041	.07	N.A.	N.A.
March 18	5.07	N.A.	N.A.	....	.033	....	N.A.	.04	N.A.	.079	N.A.
March 25	No sale	N.A.	N.A.	....	.033	....	N.A.	.046	N.A.	.091	N.A.
April 1	5.16	N.A.	N.A.	....	.033	....	N.A.	.059	N.A.	.085	N.A.
April 8	5.29	N.A.	N.A.	....	.036	....	N.A.	.069	N.A.	.085	N.A.
April 15	4.65	N.A.	N.A.	....	.035	....	N.A.	.073	N.A.	.087	N.A.
April 22	No sale	N.A.	N.A.	....	.037	....	N.A.	.076	N.A.	.088	N.A.

STATEMENT 3—PURCHASES

THE ONTARIO PRODUCE CO., LTD
(28 Market St., Toronto)

LAID-DOWN COST OF MOST RECENT PURCHASES—IN CENTS PER POUND

Date	Oranges Calif. 288	Apples B.C. 125-138 delicious "C"	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported No. 1 washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
	$ cts.	$ cts.	$ cts.		cts.		cts.	cts.	cts.	cts.	cts.
1947											
October 2	5.05	N.A.	Consigned	......	N.A.	......	Consigned	N.A.	.02	N.A.	.021
October 9	5.15	N.A.	Consigned	......	.021	......	Consigned	N.A.	.018	N.A.	.024
October 16	5.05	N.A.	Consigned	......	.023	......	Consigned	N.A.	.018	N.A.	.021
October 23	5.30	N.A.	Consigned	......	.023	......	Consigned	N.A.	.017	N.A.	.021
October 30	5.45	N.A.	1.85	......	.023	......	Consigned	N.A.	.018	N.A.	.021
November 6	4.80	N.A.	2.48	......	.022	......	Consigned	N.A.	.021	N.A.	.023
November 13	4.30	N.A.	2.35	......	.025	......	Consigned	N.A.	.024	N.A.	Consigned
November 20	4.55	N.A.	2.23	......	.025	......	Consigned	N.A.	.03	N.A.	Consigned
November 27	N.A.	N.A.	2.65	......	.027	......	Consigned	N.A.	.041	N.A.	.037
December 4	4.20	2.85	2.65	......	.035	......	Consigned	N.A.	.03	N.A.	.037
December 11	4.20	2.95	2.65	......	.03	......	Consigned	N.A.	.03	N.A.	.037
December 18	4.45	2.95	2.65	......	.03	......	Consigned	N.A.	.033	N.A.	.037
December 24	4.70	2.95	2.65	......	.03	......	.05	N.A.	.03	N.A.	.037
December 31	4.95	2.95	2.65	......	.03	......	Consigned	N.A.	.04	N.A.	.039
1948											
January 8	4.20	3.05	7.10	......	.03	......	.106	N.A.	.038	N.A.	.039
January 15	5.05	3.05	Consigned	......	.03	......	Consigned	N.A.	.038	N.A.	.048
January 22	4.50	3.05	N.A.	......	.03	......	N.A.	N.A.	.04	N.A.	.052
January 29	N.A.	3.05	N.A.	......	.03	......	.10	N.A.	.04	N.A.	.052
February 5	3.80	3.15	Consigned	......	.03	......	N.A.	.048	.04	N.A.	.052
February 12	4.15	3.15	N.A.	......	.033	......	N.A.	.04	.059	N.A.	.052
February 19	N.A.	3.15	N.A.	......	.031	......	N.A.	.04	.06	N.A.	.077
February 26	4.40	3.15	N.A.	......	.031	......	N.A.	.04	.066	N.A.	.08
March 4	4.60	3.25	N.A.	......	.031	......	N.A.	.04	.066	N.A.	N.A.
March 11	4.60	3.25	N.A.	......	.031	......	N.A.	.037	.07	N.A.	N.A.
March 18	4.60	N.A.	N.A.	......	.031	......	N.A.	.04	N.A.	.078	N.A.
March 25	N.A.	N.A.	N.A.	......	.031	......	N.A.	.045	N.A.	.091	N.A.
April 1	4.60	N.A.	N.A.	......	.031	......	N.A.	.054	N.A.	.091	N.A.
April 8	4.60	N.A.	N.A.	......	.031	......	N.A.	.063	N.A.	.085	N.A.
April 15	4.10	N.A.	N.A.	......	.033	......	N.A.	.07	N.A.	.085	N.A.
April 22	N.A.	N.A.	N.A.	......	.034	......	N.A.	.075	N.A.	.087	N.A.

NOTE: All Carrots (local) were purchased in *unwashed* condition therefore costs are in no way comparable to selling prices of washed carrots.

STATEMENT 4—ANNUAL SALES AND PROFITS—3 MONTHS

THE ONTARIO PRODUCE CO., LTD.

FISCAL YEAR END—DECEMBER 31.

—	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
	$	$	$	$	$	$	$	$	$	$
Sales	2,842,913	2,975,754	3,124,060	3,745,706	4,083,767	3,862,572	4,797,797	5,230,929	4,916,014	848,867
Cost of sales	2,690,434	2,804,378	2,935,967	3,512,161	3,803,437	3,560,724	4,439,403	4,828,405	4,429,850	720,725
Gross profit	152,479	171,376	188,093	233,545	280,330	301,948	358,394	402,524	486,164	128,142
†Commissions earned	30,203	33,813	43,881	40,448	59,198	54,931	69,272	83,350	101,029	8,391
Miscellaneous income	....	2,202	2,037	....	6,011	2,950	2,825	1,040	4,959	2,691
Gross revenue	152,479	173,578	191,130	233,545	286,341	304,898	361,219	403,564	491,123	130,333
Executive or partners' salaries	20,000	20,000	28,000	28,000	27,766	27,453	28,000	28,000	41,500	10,375
Other salaries and wages (include commission to salesmen)	62,583	70,447	75,008	91,663	96,512	103,930	124,539	155,890	186,776	46,368
Other operating expenses	61,551	75,864	81,584	105,116	131,848	149,022	156,657	146,086	144,032	29,371
Total expenses	144,124	166,311	178,592	218,779	256,126	280,405	309,196	329,976	372,308	86,114
Operating profit before taxes on income	8,355	7,268	11,538	14,766	30,215	24,493	52,023	73,588	118,815	44,719 22,636
Investment income	2,688	3,589	1,477	1,875	2,640	5,444	7,853	9,698	8,600	852
Interest paid	....	....	....	....	....	....	....	....	....	....
Profit before taxes on income	11,043	10,857	13,015	16,641	32,855	29,937	59,876	83,286	127,415	68,207
Provision for taxes on income	2,240	3,441	5,278	6,538	13,773	12,260	24,933	38,447	58,108	25,236
Net profit	8,803	7,416	7,737	10,103	19,082	17,677	34,943	44,839	69,307	42,970
Percent gross profit to sales	5·36%	5·75%	6·03%	6·23%	6·86%	7·81%	7·48%	7·69%	9·88%	15·09%

* If fiscal year ended on or before March 31.
† Commissions earned are included in gross profit figure.

STATEMENT 5—MONTHLY SALES AND PROFITS

THE ONTARIO PRODUCE CO. LIMITED

Month	Sales	Gross profit	P.c. gross profit to sales	Com- missions	Miscellaneous income	Operating expenses	Operating profit
	$	$	%	*$	$	$	$
1946—January	423,597	31,105	7·3	2,044	225	27,582	3,748
February	347,335	30,437	8·7	1,610	10	24,219	6,228
March	472,497	35,303	7·5	2,211	10	25,208	10,105
April	518,907	40,282	7·8	2,070	28	29,163	11,147
May	523,920	42,653	8·0	3,837	276	27,171	15,758
June	529,120	38,495	7·3	10,095	122	29,044	9,573
July	576,227	58,946	10·2	14,839	50	29,697	29,299
August	388,153	20,175	5·2	16,300	20	32,277	12,081 Loss
September	307,437	20,367	6·6	11,880	90	25,632	5,175 Loss
October	382,241	17,301	4·5	7,831	....	27,649	10,348 Loss
November	355,515	31,605	8·9	6,443	209	23,510	8,304
December	405,980	35,854	8·8	4,185	....	28,824	7,030
	5,230,929	402,524	7·69	83,350	1,040	329,976 6·3%	73,583
1947—January	422,110	43,207	10·2	3,616	749	27,319	16,637
February	354,971	42,951	12·1	3,061	523	26,548	16,926
March	368,195	38,612	10·5	3,370	923	32,093	7,442
April	443,685	37,162	8·4	4,006	2,176	31,289	8,049
May	526,477	39,908	7·6	4,398	55	29,822	10,141
June	540,784	36,709	6·8	10,933	145	29,375	7,479
July	538,216	42,368	7·8	16,978	40	33,787	8,621
August	429,777	51,487	11·9	17,779	25	33,654	17,853
September	309,234	24,595	7·9	14,577	89	33,238	8,554 Loss
October	337,735	33,633	9·9	10,000	215	33,741	107
November	357,264	42,441	11·9	7,481	14	31,927	10,528
December	287,566	53,091	18·4	4,824	5	29,515	23,581
	4,916,014	486,164	9·88	101,029	4,959	372,308 7·6%	118,815
1948—January	284,328	48,334	17·0	3,406	2,370	30,915	19,789
February	244,552	48,581	19·8	2,212	70	26,253	22,398
March	319,987	31,227	9·8	3,272	251	28,946	2,532

x Before provision for taxes on income.
* Commissions included in gross profit.

By Mr. Monet:

Q. In order to assist the committee in the study of the information supplied in this document, exhibit No. 105, I suggest that we turn first to statement 4 which shows the annual sales and profits of the company for the past nine years and for the three months ending March 31, 1948. I propose to ask the witness questions on certain key figures which I think will assist us in understanding the other statements to which we will refer later. Mr. Wolfe, will you give in dollars the total sales made by the company for the year 1939?—A. $2,842,913.

Q. I will ask you to speak a little louder. Will you now give us the total sales of the company in 1947?—A. $4,916,014.

Q. So your sales for the year 1947 have increased over the sales for 1939 by a little more than $2,000,000, is that correct?—A. That is correct.

Q. You have listed the commission earned on the fourth line of this statement No. 4 and it has substantially increased over the same period has it not?—A. That is right.

Q. Would you tell the members of the committee what the figure was in 1939?—A. $30,203.

Q. And what is the commission in 1947?—A. $101,029.

Q. Now would you tell the members of the committee the approximate sales volume handled by your company on commission basis in 1947?—A. $837,880.35.

Q. That was strictly on commission basis?—A. That is right.

Q. Would you give the same figure for the first three months of 1948?—A. $75,608.

Q. And your commissions earned for 1947 as already stated were a little over $100,000?—A. That is right.

Q. If we look at your operating profit before taxes, somewhere about the middle of the page, I think you can read to the committee the figure for your operating profit before taxes on income in 1939?—A. $8,355.

Q. What was it in 1946?—A. $73,588.

Q. And in 1947?—A. $118,815.

Q. Now from the figures which you have just given the members of the committee would it be a fair statement to say that your business has grown over the past few years and your profits have increased in proportion even more substantially?—A. I would say yes.

Q. Now, Mr. Wolfe, looking under the heading "executive or partner's salaries", the fourth or fifth line from the top of the page, I notice that salaries were $41,500 in 1947?—A. That is correct.

Q. And they were $28,000 in 1946?—A. That is correct.

Q. That would be an increase of approximately $13,500 for the year 1947?—A. Correct.

Q. Would you tell the members of the committee whether there was any increase in the number of executives or partners in the year 1947 as compared with 1946?—A. There was not.

Q. How many people received salaries under that heading?—A. Three.

Q. Was the increase mentioned there, or which appears there, paid or given to each of those partners in the same proportion?—A. Roughly in the same proportion. I might also indicate, Mr. Monet, that executive salaries remained stable from 1941 to 1946 whereas you will notice other salaries and wages from 1943 to 1947 doubled.

By the Vice-Chairman:

Q. I suppose over the war period the increases that might have been desired by executives simply would not be allowed by the board under the income tax that had that in hand. Would that be a true statement?—A. It would be.

Q. It is true in so many cases, you see.—A. It would be true to say we had more success with the wartime salaries board for members of our staff than we did for executives. That is correct.

Q. The reason it remained constant over these years you have mentioned was that you wanted to increase it but you were not permitted to increase it by the wartime salaries board?—A. Yes.

By Mr. Monet:

Q. As a matter of fact, it appears from this statement that the executives or partners salaries from 1941 to 1946 were practically the same?—A. That is right.

Q. And the increase we notice is from 1946 to 1947 for the reason you have just given.

By the Vice-Chairman:

Q. You jumped them as soon as you could, as soon as they got off your back?—A. That is right.

By Mr. Monet:

Q. I suppose you felt like jumping them before but you could not; is that correct?—A. To use Mr. Robinson's phrase I guess we are all human.

Q. That is what I want you to say. I think everybody understands that and everybody agrees. From the answers you have given us so far would it be a fair statement to say that your company in 1947 had by far the very best year since the operation started?—A. That is right—that is not altogether correct. In 1929—you did not ask for figures that far back.

Q. I mean on the table here as requested from 1939 on.—A. On the table, yes.

Q. If you have some information please give it.—A. In 1929 our percentage of gross profit to sales was 10·47 with a sales volume of $1,348,000.

Q. So the year 1929 was a better year than any of the ones you have listed here in table 4?—A. That is right.

Q. But last year, 1947, was by far the best year since 1939?—A. Right.

Q. Would it also be correct to state that this result of last year happened in spite of the fact that your sales in 1947 were slightly lower than in 1946?—A. That is right.

Q. How do you account for that?—A. The chief contributing factor, as I think statement 5 will indicate, is that in 1946 we had three loss months, August, September and October whereas in 1947 there was only one loss month. I think if you take the totals there you will find the operating results would be roughly comparable otherwise.

Q. Now, on the last line of table 4 you have indicated your gross profit to sales. Am I right—and if I am not you will please correct me—that that would be the difference between the selling price and the cost of the goods sold in percentage?—A. Yes.

By the Vice-Chairman:

Q. There is nothing else in there except the buying price of the article?—A. That is right, sir.

By Mr. Monet:

Q. So it is the difference between the selling price and the cost of the goods sold; that is correct?—A. Yes.

Q. If you look at the last line of statement 4 you have indicated there your gross profit to sales. Will you tell the members of the committee what the gross profit was in 1946?—A. It was 7·69.

Q. And in 1947—A. It was 9·88.

Q. If you look at those figures it would be correct to state, would it not, that from 1939 to 1946 inclusive the company never made as much as 8 per cent gross profit on its sales?—A. That is right.

Q. I will come to that question later on on statement No. 5. That is why I am asking you now. Would you tell the members of the committee what was your operating profit for the months of January, February and March of this year, 1948?—A. The operating profit before taxes is $44,719.

Q. And that represents 15·09 per cent gross profit to sales?—A. Yes.

Q. Which is much larger for this period than for 1947?—A. That is right.

Q. I notice under the amount of $44,719 in the middle of the page, operating profit before taxes on income for the three months of 1948, the figure of $22,636. Would you tell the members of the committee what that amount represents?—A. That represents railway claims. It has been our practice not to enter claims as assets in our business until they are collected. They are claims for damaged merchandise or late arrivals, and so on. That $22,000 properly belongs to 1947 operations, but I might indicate here that in 1947 there would be roughly the same amount belonging to 1946, and so on. Claims are not entered until they are collected.

—Mr. R. Pinard now presiding as Acting Chairman.

Q. What do you mean by claims, claims you had to pay or that you collected?—A. Claims that were owing by different railways. That represents claims that were collected in the first three months of 1948 that properly belong to 1947.

Q. How do you mean that when your statement does not show anything of the kind for all the period from 1939 to 1948—A. Because in 1947 a similar item would belong to 1946, and in 1946 a similar item to 1945. The reason we demarcated it in 1948 was to indicate it would not give a true picture of our trading profit for the three months. Claims that belong to the three months were entered into the gross profit, but the $22,000 which was properly attributable to 1947 was separate.

Q. What you mean is that should have been entered or could be entered under the amount of $118,000 for 1947.—A. If we were to work it back it might vary maybe one per cent.

Q. Would you have a similar amount in 1946?—A. That is right.

Q. You would have it for every year?—A. That is correct.

Q. I am not blaming you for doing it but why is it that you have mentioned it for this three months period and you did not mention it for the other years from 1939 up to now?—A. Because in the other years it is included in the operating profit.

Q. But for these three months it was not so that is why you gave it?—A. That is correct.

Q. Would you tell the members of the committee exactly what these claims represent, what sort of claims they are?—A. When merchandise arrives in the Toronto market—I am talking of imported merchandise—sometimes it arrives in a damaged condition due to shunts, poor equipment, due to railroad wrecks, due to poor loading at the shipping point, due to any one of a variety of reasons. The Canadian Fruit Wholesalers Association handles claims, or has set up an office in Toronto to settle claims for all wholesalers. A representative of the association goes to the track, inspects the damaged merchandise with a representative of the railroad and they arrive at a settlement. Subsequently the settlement is approved by the railroad and the claim is paid. Generally these claims are paid anywhere from 60 days to 18 months following settlement.

Q. Can you tell the members of the committee what proportion of this amount would really come in the year 1947?—A. All of it. The actual claims settled for 1948 were included in the gross profit.

Q. By the end of the three-month period ending March 31, 1948, would there be any outstanding claims at that date which have not been included and which are in suspense?—A. No, for the purposes of this survey we included everything whether it has been settled or not. Whether we had been paid for it or not we included the settlement arrived at by the wholesalers association and the railroad.

Q. So that for every claim that may be open there was an assessment made, and that is included there?—A. That is right.

Q. I would ask you to turn to page 5 of your statement which shows monthly sales and profits for each month during 1946, 1947 and the first three months of 1948. I notice your sales volume for the month of December, 1947, and the first three months of 1948 is below the volume for the corresponding months of the previous year. Is that correct?—A. That is correct.

Q. I did some calculations, and you will correct me if they are wrong. As far as my calculations are concerned your sales for those four months, December, 1946, January, February and March, 1948 . . .

The ACTING CHAIRMAN: You mean 1947?

Mr. MONET: 1947, amounted to $1,551,000, and only to $1,137,000 for December, 1947 and January, February and March of this year. Do you want to figure it out and tell me whether or not it is correct or are you willing to take my figures?

The WITNESS: I will take your figures.

By Mr. Monet:

Q. Will you tell the members of the committee how much that difference would be in dollar volume, the difference between $1,551,000 and $1,137,000. How much would that be in dollar volume? I have figured it to be 27 per cent.—A. Oh, I see what you mean.

Q. Percentage; I figure it to be 27 per cent.—A. All right, we will accept your figures.

Q. I take it that prices were generally higher in 1948 than they were in 1947, were they not?—A. I would think so.

Q. You would think so. Would you just think so or would you say so? You were selling your goods at a higher price in 1948?—A. Some things we were.

Q. But in general as to the average?—A. I would say generally speaking that statement is correct.

Q. Would it be fair to state that your physical volume of fruits and vegetables was down by more than 27 per cent, the same percentage?—A. Yes, sir.

Q. It would. Now, I want to draw your attention to the gross profits to sales for the few months we are going to consider together.

Mr. LESAGE: For the same months?

Mr. MONET: Yes, I will refer to them one by one.

By Mr. Monet:

Q. You have told us that until 1947 your gross profits to sales had not averaged as much as 8 per cent over the years. Is that correct?—A. With the exception of this earlier one.

Q. 1929?—A. Yes.

Q. Would you tell the members of the committee what was the percentage of gross profit to sales for the month of November, 1947?—A. It was 11·9.

Q. You will find that in the third column under the item "Gross profit to sales". For November, 1947 it was—for December, pardon me . . .

The ACTING CHAIRMAN: November.

By Mr. Monet:

Q. November it was 11·9, and for December, 1947?—A. It was 18·4.

Q. And for January, 1948?—A. It was 17.

Q. February, 1948?—A. It was 19·8.

Q. March, 1948?—A. It was 8·8.

Q. Would you have any comment to make to the members of the committee as to the very large percentages that you have just given us as compared with the highest percentage you had in previous years?—A. I would say that there were two chief factors. The first would be practically the total elimination of the waste factor, all merchandise sold and all sold at a profit, and secondly, the increased prices of merchandise, the enhanced value of the stocks we did carry, or were forced to carry as normal supplies.

By Mr. Lesage:

Q. Increased gross margin?—A. That is right.

Q. Why did you increase it?—A. Why did we increase it?

Q. Yes.—A. We never increase our gross margin. We attempt to sell our merchandise at the market prices, whatever the market might be, but gross margin very seldom enters into the calculation in setting prices for this merchandise.

Q. I notice for volumes of sales which were much higher in January, February and March of 1947 your gross margin profit was less than the gross margin profit that you obtained this year on a much lower volume of sales. That is correct?—A. That is correct.

Q. The reason you give is that what you intended to do was not to secure a higher gross margin but it was to sell at a price which would be as high as the traffic would bear?—A. Sell at the market price, yes.

Q. To secure as much as you could?—A. That is correct.

Q. And pay the cheapest price you could?—A. That is correct.

Q. Then that is your policy?—A. I might clarify it slightly by pointing out, as I did before, that we handle both domestic merchandise and imported merchandise. It is our duty as commission agents to secure the highest possible price for growers of produce. At the same time it would hardly be consistent if we were to sell growers' carrots at $4.50 a bushel and sell our own at $3 or $2.50. The price is set by whatever the market is, whatever demand and supply indicate.

Q. You secure as much as supply and demand allow you to take?—A. That is right.

Q. You pay as cheap prices as you can expect when you are acting as a commission agent, which is different?—A. That is right.

Q. That is a good reason for the increase in price, anyway.

By Mr. Monet:

Q. You speak of the market price. While we are on this question in your opinion who or what makes the market price? We have heard Mr. Robinson tell us his opinion. Would you give us yours? What sets the market price? You say that you sell at the market price, and I suppose the retailer purchases at the market price and the consumer buys at the market price. Please tell the members who sets the market price?—A. No individual, I would think, sets the market price. I think the market price is the result of a number of counterbalancing factors. We do not arrive at the market price until we arrive at that point where supply and demand are roughly equalized, or where there is a steady movement of merchandise. If merchandise moves too slowly the price is too high. If it moves too rapidly the price is too low, and when you

reach that point where there is, let us say, a steady movement, or just sufficient buyers to take the produce from the market, or conversely just sufficient produce to satisfy demand, we have the market price.

By Mr. Lesage:

Q. Is not the market price the effect of the bulk of the offers for sale against the bulk of the offers to purchase?—A. I would say that controls it.

Mr. KUHL: That is the same thing in other words.

Mr. LESAGE: No, fewer words.

Mr. KUHL: The law of supply and demand.

By Mr. Monet:

Q. There would also be the element of competition, I suppose?—A. Yes.

Q. That would apply.—A. Yes.

Q. Is there a lot of competition in that trade?—A. There is generally keen competition in a depressed market.

Q. We were told in the very substantial description Mr. Robinson gave us in his brief that there would be quite keen competition, I understand.—A. That is right.

Q. Because there are a lot of people engaged in that field?—A. That is right.

Q. There are all sorts of denominations. They are out to get the fruits and vegetables?—A. That is correct.

Q. That would create very great competition?—A. Correct.

By the Acting Chairman:

Q. Is it not a fact that the price is also determined very much by the policy followed by the most important wholesalers? In other words, the price is practically set by the more important wholesalers?—A. No, I do not think so.

Q. What they are asking is paid by the consumer or by the retailer?—A. I do not think so. If I were the largest wholesaler and I wanted to sell my carrots for $2 a bushel and the market was $5 it would not influence the market to any great degree. The only thing that would happen would be I would be out of carrots in about one hour. The market would still be $5.

Q. And if you put your price higher?—A. If you put your price higher you would not get it.

Q. But there must be some influence exercised by the more important wholesalers?—A. The only influence that could be exercised would be an influence based upon stocks held. If a wholesaler held 90 per cent of the merchandise then he could influence the market, but I do not think that is the case or ever has been the case in the Toronto market.

Q. In your own case would you be in a position to estimate what proportion of the market in Toronto you are holding?—A. What proportion of the market?

Q. Yes, of the market you have under your control, what proportion?—A. We do not control any proportion of it. There are twenty-two dealers in Toronto.

Q. Are you not in a position to?—A. I would say our sales volume might be roughly about $\frac{1}{6}$ of those twenty-two dealers.

Q. One-sixth of the 22 dealers?—A. Yes.

By Mr. Lesage:

Q. Following the chairman's question is it true that if you, together with the other wholesalers, based your prices on your costs plus a reasonable margin to secure a reasonable profit that such a policy would have the effect, or would have had the effect over the last few months, of reducing prices to the consumers

in Toronto?—A. Well, you cannot calculate costs in the produce business. Our costs might be $2 for a bag of potatoes, and by the time we sold it 25 per cent of it might be rotten, which would materially raise our costs.

Q. You can take an average for waste. There is no doubt about it? —A. You cannot take an average for perishable goods at all because there are hosts of examples where carloads of merchandise have been dumped.

Q. But the experience of the past may serve as a guide to you? I have only to look at your figures to see that you know in advance where you are going. With such a margin as you have taken, for instance, in December and January, if you had based your prices more on cost you could have secured a reasonable gross profit, and at the same time you would have reduced prices to the consumer? —A. You mentioned a reasonable gross profit. I submit to the committee that 17 per cent or 18 per cent is substantially a reasonable gross profit for this type of industry; in view of the risks involved, and the nature of the merchandise handled, it is not a large margin. I would say in the years prior to 1947 our industry was operating under the most depressed of conditions. I can also bear that out by indicating to you that the Wartime Prices and Trade Board during the war allowed us gross profit margins of from $12\frac{1}{2}$ to 25 per cent.

Q. I am not interested in what the Wartime Prices and Trade Board did. I am not here to judge them, but one sure thing is that with a 10 per cent gross profit for the year 1947 on the average you made on operating profit before taxes on income of $118,000 after taking out executives or partners salaries of $41,500. And you say it is now 9·8 per cent?—A. If you look at statement 5, Mr. Lesage, under operating expenses for 1948, you will find that the total quantity would work out at 9·8 per cent due to reduced sales. Now, that is the highest percentage on operating expense we have ever had in our company. In view of the increased operating expense and reduced sales and the reasons involved I do not think that the gross profit is disproportionate.

Q. I did not say it was disproportionate, but I think I am right even with regard to your operating profit for December of 1947, and January and February of 1948, they are higher than for the corresponding period of 1946, the operating profit after deducting operating expenses?—A. Well, that is correct; but as individuals I do not think we are in a position—

Q. Do not think I am blaming you, I am just inquiring.—A. If the trade were regulated in the manner in which you indicate; yes, something could be done.

Q. Something could be done?—A. Yes.

By Mr. Kuhl:

Q. What do you mean by the trade being regulated?—A. I am not suggesting any regulations, sir.

Q. This is a hypothetical question?—A. I see, it is a hypothetical question. I would think it would work if we could allow prices to come down so we could keep prices at a certain level and at the same time permit the wholesaler to stay in business on the restricted volume, then I say that a certain policy could have been introduced that could do that.

Q. Certain policy by wholesalers themselves?—A. No, I was thinking of a certain governmental policy.

Mr. Lesage: I do not think you need a government policy, you should work out your own policy. I think the wholesaler should make a fair policy to take a reasonable portion or usual profits on sales instead of following a policy of selling at the highest price the market will bear. It needs to be checked, and I think the check should be done by the wholesalers themselves, and it would be much better for them too if they want to save our system. It is a sure thing

that if business does not rule itself now and be content with reasonable profits we are not the ones who are going to suffer, they are the ones who are going to suffer.

Mr. Kuhl: Mr. Lesage pointed out a moment ago that he was offering no criticism, now he is suggesting that they should take on reasonable profits—

Mr. Lesage: I did not say unreasonable, I said usual profits.

By Mr. McGregor:

Q. You made a remark a few minutes ago about profits allowed by the Wartime Prices and Trade Board; doesn't what you make come within that scope?—A. Yes, it does, I think.

Q. Were the profits you were allowed by the Wartime Prices and Trade Board more or less than what you have today?—A. They were both more and less. On tomatoes I believe we were allowed 25 per cent markup, citrus fruits during the war, 15 per cent markup, at the present time, 17 per cent markup; deciduous fruits 12½ to 15 per cent; and, on vegetables, 15 per cent.

Q. Take for instance vegetables, are you making more or less than 15 per cent on vegetables today?—A. Today we are making considerably less than 15 per cent. We are making nothing.

Q. So in other words you would be better off under Wartime Prices and Trade Board than you are now?—A. Much better.

By Mr. Monet:

Q. With respect to the statement you just made, when you referred to today do you mean the last six months?—A. I am speaking of today.

Q. What does it mean, does it mean today?—A. At the present time.

Q. Well, let's speak about the months in question?—A. The months in question are not a true indicator. If you will look at the past years, there is absolutely no pattern whatsoever. One month may give you high sales with low profit and another month may give you low sales with high profit. We handle so many varied items all of them highly perishable and all of them subject to fluctuations in weather, fluctuations in quality and so many different market conditions that you cannot properly appraise the year until the year is over. That is why I would say that January, February and March were not true indicators of what is going to happen for the rest of the year.

Nevertheless, for the year 1947 as a whole, the twelve months—whether, your fiscal year ending December 31, 1947, you did say a few minutes ago that the figures of profits on sales was 9·88?—A. Yes.

Q. Which is a little more than two points over the year 1946?—A. Yes.

Q. That means in general that the gross profit to sales was more substantial than the year before?—A. But I also pointed out, Mr. Monet, that in the case of September and October of 1946, we took substantial losses whereas in 1947, we only experienced one loss and that accounted for most of the difference.

Q. That is correct. That is why I do not think the answer you gave me a few minutes ago was correct. According to these statements, taking the year 1947, as a whole, you made much better profits than you did in 1946?—A. That is right.

Q. Is that right?—A. That is right.

Q. Starting with November you made a gross profit to sales of 11·9, and that got up to an even higher level in the month of December, January and February of 1948?—A. That is right.

Q. And apparently in the year 1947, as a whole from January to December inclusive your gross profit to sales is quite steady reaching a very high point at the end of the year of 18·4; isn't that correct?—A. That is right.

Q. So that taking your operations as a whole your gross profit to sales is much more substantial in the last six or seven months than it was before; isn't that right?—A. In the last four months I should say, excluding March.

Q. Yes, it is 9·8?—A. Yes.

Q. Now, in the same line, and going to these figures; if we look at the last column statement 5, under the heading "operating profit" I notice that for December, 1947 your operating profit was $22,581, and if you compare that with December of 1946, there is a very large, a substantial difference, is there not?—A. Yes.

Q. What is the figure for December, 1946?—A. $7,030.

Q. That is against $23,581 for December of 1947?—A. Yes.

Q. And that explains the 18·4 gross profit to sales that you show there and to which you have referred?—A. Yes.

Q. Now I also notice that during January and February of 1948, your operating profit was higher than in the corresponding months of 1947?—A. Yes.

Q. That is your profits also expand—the gross profit to sales in January and February were 17 and 19·8?—A. Yes.

Q. So that from a study of these two statements, 4 and 5, statement 4, the annual sales and profit, in statement 5—monthly sales and profits; would it be a fair conclusion to draw that while your sales value—and I want you to follow me closely in this question because this is important—while your sales value has fallen by say 27 per cent—as you said before—since November of 1947, and in volume by more than this amount; would it be a fair conclusion to draw from an examination of these two statements that your company already has been able to carry its operations on at a profit which is higher than has been obtained before since 1929?—A. I would say that was fair, yes.

Q. And even by a quite substantial margin?—A. Yes.

Q. Now, I would like you to refer to statement 2.

Mr. Irvine: Mr. Monet, are you leaving page 5, now?

Mr. Monet: Yes, Mr. Irvine; and if you have any questions to ask with regard to that I think this would be the appropriate place for you to ask them.

By Mr. Irvine:

Q. I notice the gross profit for the year 1948, was $48,000, which represents the gross profit to sales of 19·8; is that correct?—A. That is right, yes.

Q. And commissions were $2,212?—A. Yes.

Q. And the next month your gross profits were $31,272, which compares to the 9·8 of gross profits; and your commissions were $3,272; which means that you got thousands of dollars more commission for handling $10,000 worth of goods. How does that come out to be 9·8?—A. Well, first of all the commissions are included in the gross profits.

Q. I see.—A. I think that will answer your question.

Q. It does partly, but still you were charging apparently a higher rate of commission to have $3,272.—A. Our commission sales amounted to $28,673, as opposed to $18,410.

Q. Where are you quoting from now?—A. I am quoting from information of my own. I was not asked for the commission sales so I did not list them, but I can give them to you, if you wish. The commission sales are included in the gross sales on the chart.

Q. And you do not get a commission on all your sales?—A. No, only on the consigned merchandise.

Mr. Irvine: All right, Mr. Chairman; I think that is all I have.

Mr. Monet: Now, Mr. Chairman, I want to direct your attention and the attention of members of the committee to Statement No. 2, which shows the average selling price for various fruits and vegetables on each Thursday during

the period the 2nd of October to the 22nd of April, except that as Christmas and New Year's days fell on Thursdays, for those dates the date previous has been selected. You will note in the first money column is shown the price of size 288 California oranges per crate. I want to make this explanation now so that you will be able to follow the questions which will be asked in regard to these statements 2 and 3. I have told you about statement 2. On statement 3, is shown for the same fruits and vegetables as were selected on statement 2, the laid-down cost of the most recent purchase. On those Thursdays on which no supplies were available of those particular size of orange, the company has filled in the letters "NA" meaning "not available". For the convenience of the committee, the secretariat has prepared a comparison of certain of the selling prices shown on statement 2, and the laid-down cost of the most recent purchases shown on statement 3. I now propose to distribute copies of this comparison to the committee as I think you will find it more convenient to follow certain comparisons in this way. I do not think, however, Mr. Chairman, that it is necessary to put this comparison in the record as the information is already contained in statements 2 and 3. This special statement was prepared to help members of the committee by affording a ready comparison of figures on statements 2 and 3, instead of having to turn from one page to the other and back again. In making this comparison, I would warn the committee that it will probably be true that in certain cases erroneous conclusions could easily be drawn as sales may not have been made entirely from the most recent purchases; or alternatively, the average selling price on a certain day may not be representative of the average price realized from the most recent purchases. Nevertheless, I think the comparisons will be useful, and Mr. Wolfe will no doubt be able to tell us of any unrepresentative relationships which may enter into the making of any such comparison.

Mr. LESAGE: Have you many questions on this?

Mr. MONET: Yes, I have.

Mr. LESAGE: Then, Mr. Chairman, I think we had better adjourn.

Mr. MONET: I think that they should be distributed first.

Mr. LESAGE: Oh, yes.

(Mr. Maybank resumed the chair.)

The VICE-CHAIRMAN: Mr. Monet will be following up with questions and probably a considerable number based on this, and as it is now very close to 6 o'clock I think it would be better to wait rather than to open it up now.

The committee stands adjourned until the usual time tomorrow.

The committee adjourned to meet again tomorrow at 4 o'clock p.m.

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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE ON PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 57

WEDNESDAY, MAY 12, 1948

WITNESSES:

Mr. R. D. Wolfe, Secretary and General Manager, The Ontario Produce Company, Limited, Toronto, Ont.

Mr. David Austin, Assistant General Manager, The Ontario Produce Company, Limited, Toronto, Ont.

Mr. H. E. Stronach, General Manager, Stronach & Sons, Toronto, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

MINUTES OF PROCEEDINGS

WEDNESDAY, May 12, 1948.

The Special Committee on Prices met at 4.00 p.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudry, Harkness, Irvine, Kuhl, McGregor, Maybank, Mayhew, McCubbin, Pinard, Thatcher, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. R. D. Wolfe, Secretary and General Manager, and Mr. David Austin, Assistant General Manager, The Ontario Produce Company, Limited, Toronto, were recalled and further examined.

Witnesses discharged.

Mr. Irvine moved that this Committee report to the House and ask for power to make recommendations with a view to reducing prices by some method other than the voluntary method.

Motion negatived on the casting vote of the Chairman.

Mr. H. E. Stronach, General Manager, Stronach & Sons, Toronto, was called and sworn.

At 6.00 o'clock p.m. witness retired and the Committee adjourned until Thursday, May 13, at 11.00 o'clock a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

House of Commons,
May 12, 1948.

The Special Committee on Prices met this day at 4 p.m. The Vice-Chairman, Mr. Ralph Maybank, presided.

Raphael D. Wolfe, General Manager, Ontario Produce Company Limited, recalled.

David Austin, Assistant Manager, Ontario Produce Company Limited, recalled.

Mr. Monet: Mr. Chairman, at the adjournment last night we were dealing with statements 2 and 3 of the exhibit filed by the witnesses. I would now ask Mr. Wolfe or Mr. Austin, dealing with oranges, how they purchase the oranges sold by the company. Do you purchase them in carload lots?

Mr. Austin: They are purchased always in carload lots.

By Mr. Monet:

Q. (To Mr. Austin): How many carloads would you normally handle in a week?—A. Four to five cars.

Q. What would be the quantity of crates of oranges by carloads?—A. There are 561 cases to a car.

Q. Do you sell directly from the car or do you first remove the oranges to your warehouse and then proceed to sell them from the warehouse floor? —A. We sell both ways.

Q. What proportion would you sell directly from the car and what proportion would you sell from your warehouse?—A. On a fast moving market we would sell 40 to 50 per cent direct from the car. In the event of a dull market that might be reduced to about 10 per cent.

Q. On a dull market you would bring more to your warehouse?—A. Unload in the warehouse.

Q. For what length of time would you keep them in the warehouse?—A. That depends entirely on the market. There are various sizes of oranges in a car. Some of them may move rapidly and some may move very slowly. It has been known to hold oranges in storage due to lack of demand for as long as a month or five weeks. We do not like to hold them that long. We like to sell within a week after arrival to ensure fresh delivery to the consumer.

Q. Did you at any time since last November hold oranges for any longer period than usual in the policy of your company?—A. No.

Q. To get a better price?—A. No, a much shorter time because the movement was active.

Q. Now, Mr. Austin, I should like you to refer to your statements 2 and 3, or the document that has been given to the members of the committee, and of which you have a copy, which is a comparison of both statements. I note from the period October 2 to November 13 that the difference between your selling price per crate and the cost of the most recent purchase ranges from a margin of 90 cents to a loss of 5 cents a crate. Would that be correct?—A. That is right.

Q. Would you also check and see if the average for those weeks to which I have just referred would be approximately 20 cents a crate?—A. That is true according to the figures. It is not an absolutely definite fact that the oranges for which we show the cost are the identical oranges for which we show the selling price due to the fact that there may have been cars imported during the week which have overlapped with one another. We give our cost for our most recent purchases. We give our average selling price. There may be some variation in the actual margin of profit received.

Q. For the same week I agree, but for a period of 8 or 10 weeks I presume the average of 20 cents a crate I have just referred to would be correct?—A. That is correct.

Q. The members of the committee were told previously by Mr. Jamieson at page 252 of the evidence that the normal reasonable mark-up on citrus fruits previous to the war, in normal times, if the price did not exceed $5 a case, would be 50 cents a case, or approximately 10 per cent. Would that be correct? —A. That is correct.

By the Vice-Chairman:

Q. That is correct, that statement of Mr. Jamieson of quite some time ago?—A. That is an average.

By Mr. Monet:

Q. Then, Mr. Austin, this margin in October and early November to which I have just referred, which averaged approximately 20 cents a case, would be in your opinion a reasonable mark-up under normal free market conditions?—A. No, that is under depressed market conditions.

Q. If not, what in your opinion would be a reasonable mark-up on a crate of oranges selling at approximately $5 a crate?—A. A reasonable mark-up would be in the neighbourhood of 75 cents a case.

Q. How many dozen oranges are there in a case?—A. The oranges we are considering now, 288's, California oranges, 24 dozen.

Q. What would be the mark-up of 75 per cent?—A. 75 cents per case. It would be a mark-up slightly in excess of 3 cents a dozen.

By Mr. Irvine:

Q. Is a case a crate?—A. A case or crate is the same thing.

By Mr. Monet:

Q. Now Mr. Austin, I want to refer you to this statement of yours, or the document filed. On November 20 the price of oranges had increased from $5.21, your average selling price had increased from $5.21 to $6.67 a crate. Is that correct?—A. That is correct.

Q. If you look at the next column your most recent purchase had only increased by 25 cents. Is that correct?—A. That is correct.

Q. As a result of the selling price the gross margin on a crate had climbed to $2.12 a crate. Is that correct?—A. Correct.

Q. Or 31·8 per cent?—A. Yes.

Q. In your opinion, Mr. Austin, is this margin of $2.12 a crate just a fair mark-up or an abnormally high mark-up in your trade?—A. It is an abnormal mark-up, but it is not unprecedented.

Q. Can you tell the members of the committee the reason why at that time you took such an abnormal mark-up?—A. The reason why the price of oranges averaged $6.67 on November 20 was strictly a supply and demand proposition. November 20 was three days following the announcement of the austerity program, and as you have been previously informed that was a wild week of buying, and prices naturally advanced under the pressure of that demand.

By Mr. Thatcher:

Q. When Mr. Robinson of the Ontario Producers was here he accused the wholesalers and the distributors, to use his own words, of inspiring the furore over fruit and vegetable prices while taking a good profit themselves. Would not this figure here almost lead the committee to believe that the wholesalers might have done that?—A. Well, if you will notice the date, three days is hardly time enough for a campaign of that kind to bring results. The campaign brought about the excitement principally on domestic vegetables.

By Mr. Kuhl:

Q. What quantity of oranges was involved at this particular time?—A. At that particular time there were limited stocks.

Q. On November 20.—A. November 20. This particular statement deals only with 288s. Unfortunately I cannot give you the manifest of our car, but it could have ranged anywhere from 50 to 125 boxes of that particular size fruit in the car. The largest size fruit cost more money and the margin of profit was materially lower.

By Mr. Irvine:

Q. Do you think it is a satisfactory answer to say that the demand justified you in jumping your price from a buying price of $4.30 or $4.55 to $6.67?—A. I think that was possibly explained yesterday. We cannot control the price. The price is controlled by the pressure of demand. likewise a price declines when the demand slackens off and the supply increases. As you will note during October we sold at a very narrow margin with slight losses owing to dull demand.

By Mr. Thatcher:

Q. Can you say what inventory you had on hand when the American embargo was announced?—A. It was a very, very light inventory. I could not give it to you in boxes but it was very, very light due to the fact that we were in between seasons on California oranges. The summer crop was just finished and the winter crop of navels had not begun its full flow.

Q. Did you take your stock on hand and immediately advance your price and take the full price?—A. No, there was practically no advance on the market on the morning of the 18th.

Q. Three days later it had gone up to a profit of $2.12 per crate?—A. That is true.

Q. Would a lot of that be due to the fact you had stocks on hand and took advantage of that?—A. No, they were fresh arrivals.

By Mr. Monet:

Q. On the same line of questioning it was said yesterday that the trade sets the market price. Do you agree with that?—A. No. The market price of any commodity is set by mutual agreement between the buyer and the seller controlled by the competition around the street. We cannot ask a price for merchandise higher than our competitors nor can we go out and sell for less if we are going to stay in business very long.

By Mr. Thatcher:

Q. Would it not be fair to say you have taken advantage of that situation when the American embargo came into effect to take profits which, as you said yourself, were very abnormal?—A. We reaped the benefit from the circumstances. We did not take advantage of it. We reaped the benefit.

Q. If you had taken your normal profit there of 91 cents which you took on oranges on November 13 the price of oranges would not have been $\frac{1}{5}$ or $\frac{1}{4}$

more per crate, 20 or 25 per cent? You forced the price of oranges up 20 or 25 per cent?—A. We have not forced—

Q. By taking—

The VICE-CHAIRMAN: Let him answer.

The WITNESS: If the market price was generally $6.67 and we chose to maintain our margin at 91 cents we would have been offering our fruit at $5.46. One buyer could come in and take our oranges completely away from us because it is $1.50 below the market.

By Mr. Thatcher:

Q. But you would have been selling your oranges at a normal price and keeping the price to the consumer more reasonable.—A. We cannot control the price to the consumer.

Q. You control your own mark-up. If you had taken your standard mark-up the price to the consumer would have been 20 to 25 per cent lower?—A. We do not control the retail mark-up.

Q. You could control the retail mark-up of your own produce?—A. No, we could not. We have no control over the market.

Q. You mark up your own oranges at any price you like. If you had taken the standard mark-up the price of your oranges would have been considerably less.—A. If we had sold them at $5.46 to the retailers how do we know they are going to reach the consumer at a similar level plus the retail mark-up?

Q. Possibly you do not know definitely, but you know they will reach the consumer a lot higher if you take such an excessive mark-up.—A. Not necessarily. The retail mark-up is pretty well controlled by the retail chain advertisements. The independent man cannot get any material price above what the chain store advertises his merchandise at. Therefore if he cannot buy from the wholesale market at a price to compete the demand lessens and we must bring our price down. If he can buy them and sell at a competitive price he takes them, and that is the market. We have no control over it.

Q. It would appear on the surface that all companies in Toronto which did that very materially pushed the price of oranges up. You did it intentionally, I suppose, and you did it in a way that was bound to spiral and cause greater increases, and you did it when it was not necessary because if you had kept your normal profit you could have got along.—A. I have tried to explain to you that we are only one of a large group of fruit dealers in the Dominion of Canada.

Q. You are one of the main ones in Toronto, and if everyone does that——A. If everyone does, but how can we get everyone to do it? We have no control over our competitors.

Q. No, but you could have set an example.—A. Let me put it this way. If we were able to get the Toronto trade together to maintain a lower level on the price of our produce could we not likewise get them together to hold prices up at some time when supply and demand could bring lower prices?

Q. I am not suggesting you should have got together, but I think possibly you could have set an example. It looks like the example you set was a bad one. You took all you could get. Maybe I would do the same thing if I were in your spot.—A. Maybe we set the example because we are the first wholesaler called before this investigation.

Mr. KUHL: Do they not do that in the hardware business?

Mr. THATCHER: Not entirely.

By the Vice-Chairman:

Q. I should like to ask this question. Is there any difference between reaping the benefit and taking advantage? Do those two expressions not mean just the same thing?—A. Well, the meaning is slightly different. If we have control of the

major portion of the merchandise on the market for sale, yes, we can take advantage. We can shove the price up and hang on to it and say, "You pay the price or do without", but if a combination of natural circumstances in trading practice brings the price to a higher level, and we have a portion of the merchandise then we are going to reap some benefit from that higher market.

Q. Then whether or not there is any difference in the expressions in the mind of the average person you would have us understand the meaning you ascribe to the one is that it implies that you have created the advantage which you subsequently take, and in the other case you have not created the condition. It is created by other forces?—A. Yes.

Q. And you are a beneficiary?—A. That is right.

Q. I want to make it clear that is your definition of your own terms, which is quite satisfactory, of course, but I am not sure that in popular usage there is any difference in meaning at all.—A. Possibly not.

Q. That makes no difference if you ascribe those meanings and we understand that. Taking advantage might be better described as driving an advantage, and the other is more passive; is that right?—A. That is right.

Mr. KUHL: How would that reasoning apply in the case of a loss?

The VICE-CHAIRMAN: Do you mean the reasoning on my part?

Mr. KUHL: Yes.

The VICE-CHAIRMAN: I am only fixing the term. I was not drawing any conclusion; I just wanted to make sure what the witness meant. I think probably we might ask the witness how he would operate in such a case but I was not making any declaration, Mr. Kuhl. I wanted to make sure of the meaning ascribed by the witness to the term which he had given us.

By Mr. Thatcher:

Q. Mr. Robinson said also that the wholesalers are inclined sometimes—and I will use his words—to juggle and switch imports in order to cash in on scarcities and high consumer demand. Would your company have done that during the week of November 20? Did you change your quotas at all?—A. In the first place, in the week of November 20 the quota machinery had not been set up and the merchandise that was on hand for sale for that particular week covered commitments prior to November 17.

Q. Would you then say that Mr. Robinson's statement is not a fair one in so far as your company is concerned?—A. Definitely. I do not think he made the statement that all wholesalers did that—I think he said some of them—and I think he said it was a fringe of the wholesale trade.

Q. I just wanted to make sure that your company was not one of those?—A. No.

Q. After this embargo was put on did your company make any representations to the government that the quota should be taken off, or have you been advertising in the Toronto papers suggesting that quota should come off?—A. No.

Q. You have not done that?—A. No.

By Mr. McGregor:

Q. How many cases were sold at that particular price?—A. On that particular day?

Q. At any time?—A. You are speaking of November 20?

Q. Yes?—A. I estimated for one of the other members that the number would be somewhere between 50 and 125 cases.

Q. You said a moment ago that you sold 4 cars a week?—A. Yes.

Q. How would it be that if you normally sold 4 cars a week you would only sell 125 cases in 1 day?—A. We are speaking of the 288 size, there are 6 or 8 different sizes in a car.

Q. Did you get the same proportion of profit with respect to the others?—A. No, we had similar wholesale prices but the profit would be smaller by reason of the increased cost.

Mr. MONET: This 288 size is the most popular size?

The WITNESS: It depends upon conditions but it is the most popular standard size.

By Mr. McGregor:

Q. Do you know how many cases of the other sizes you sold? Have you any records to show how many cases of oranges you sold that day?—A. I have not got that information.

Q. Did all other wholesalers sell that same class of oranges at the same price?—A. Approximately the same price—that was the market price.

Q. You have a commission agents' association?—A. The Toronto Wholesale Fruit Merchants' Association.

Q. Yes. Did that association have anything to do with the setting of the price?—A. No, absolutely not.

Q. How do they get together to set the price on the same day?—A. They do not get together.

Q. They do not get together, but they just do it, is that it?—A. Each individual sets his own price and before trading is carried on for an hour in the morning the general average market price becomes fairly uniform. It must become uniform because we have the same buyers covering the entire market and when one group of buyers is willing or is not willing to pay certain prices the market must fluctuate up and down according to the demand.

Q. Is it not strange that overnight the price of oranges should jump from $5.41 to $6.67 and we find that everyone is selling at the same price?—A. No, that is not an overnight jump. It is a week's spread which is shown on this chart. The price gradually settled at that level during the week of November 17. The market does not jump suddenly.

Q. There is no question of the association setting the price at all?—A. Absolutely none.

The VICE-CHAIRMAN: Are you through, Mr. McGregor?

Mr. McGREGOR: Yes, for the moment.

The VICE-CHAIRMAN: Could we take the price on one day?

Mr. MONET: November 20.

The VICE-CHAIRMAN: What is the price on that day?

Mr. MONET: $6.67.

By the Vice-Chairman:

Q. That does not mean that every case sold at $6.67?—A. No.

Q. That is the average of a considerable number of sales that occurred during that day?—A. Yes.

Q. That is the point to which you remarked they had settled?—A. Yes. There might be a range of $6.50 to $7 or $6.25 to $7 but it would strike that particular average.

Q. Would you know the high and the low prices related to the average of $6.67?—A. I can only guess, Mr. Maybank. The range of prices on our market, if the market is reasonably steady, is somewhere close to ½ a dollar a box.

Q. $6.67 plus ½ a dollar or minus ½ a dollar?—A. No, $6.67 plus 25 cents or minus 25 cents.

Q. Making ½ a dollar from one end of the rangs to the other?—A. Yes.

By Mr. Monet:

Q. But $6.67 is still the average price for the 288 size of oranges?—A. Yes.

Q. It is not for all oranges?—A. No.

By Mr. McGregor:

Q. What would be the percentage of your orange sales represented by this size 288?—A. That would depend entirely on crop conditions in California. In some periods we have cars which run extremely heavy with respect to that size, but on other occasions we find they run very light. At that particular time those oranges were running somewhere between 50 and 125 boxes per car and the balance of the car consisted of the larger sizes—which would mean 400 or 450 boxes of the more expensive oranges.

Q. How many cases of this size did you say there would be in a car?—A. 50 to 125. Here is a representative manifest at about that time and there were 85 cases of size 288 in the car.

Q. What date was that?—A. November 21. That car had 85 boxes and 15 boxes of a smaller size—size 344—and the other 460 boxes are of a larger size and they cost more money.

Q. What was your profit on the larger sizes?—A. On the larger sizes the profit would be lower because the selling price was fairly uniform for all sizes throughout that particular day.

Q. How much was the profit on those larger sizes?—A. The 150-176 size, which is a large orange, cost $6.30 at that particular time.

By Mr. Monet:

Q. For what price do you sell them?—A. The selling price was reasonably similar although I have not got the actual selling price here. Mr. Wolfe might have them in the documents. It appears those oranges sold from $7.25 to $7.50 which would average probably $7.35 on the large fruit.

Q. The cast was $6.30?—A. That is correct.

Mr. McGregor: You made over $1 a case on them?

The Witness: That is right.

Mr. Thatcher: What about February 5, that figure is the largest of all? What is the explanation?

Mr. Irvine: Supply and demand.

The Witness: By February 1 the system of quota was functioning and the supply of oranges was greatly reduced.

By Mr. Thatcher:

Q. Just a minute. When you say supply or quota, that is the government quota?—A. The import quota.

Q. Yes?—A. The supply of oranges was 50 per cent of the dollar value for the basic year.

Q. Yes?—A. That reduced the quantity of fruit on the market much below the demand, and once again supply and demand took over and our selling price at that particular time was $6.22.

Q. In other words because you had only half the volume you doubled your price on what you did have?—A. We did not double the price, the demand forced up the price. You will notice at that particular time the cost price was the lowest of any period covered by this chart.

Q. Excuse me for interrupting but I do not think your statement is fair when you say that demand forced up the price. After all, when you mark your oranges you can mark them at anything you choose, and when you take a mark-up like that overnight you are not forced to do it. You are taking advantage of a situation. I am not saying that I blame you, but I do not think it is correct to say that demand forced you to do that.

The Vice-Chairman: Just a moment, perhaps we could just see if we can get that point clear as between you and the witness. The witness is saying competition does so and so, but you, Mr. Thatcher, are pointing out that he is

not forced. As I understand it, the witness is stating what is usually in the trade the fact, and he is describing an operation that does occur. I do not apprehend that should be taken as a statement from him that he was forced into such a line of conduct.

Mr. THATCHER: That is my point.

The VICE-CHAIRMAN: I do not think he would say for a moment that he could not sell for less, but he is stating an economic law merely as a result of experience. He is stating what does happen but not what must happen. You are approaching the problem as if it were a question of volition or non-volition but it is not. I just thought you were not quite at one with each other in your question and answer.

Mr. THATCHER: I think we understand each other.

The VICE-CHAIRMAN: I do not know which comes next, a question or an answer.

Mr. IRVINE: You stopped the answer.

By Mr. Thatcher:

Q. I am waiting for an answer.—A. What is the question?

Q. You suggested you were forced to take this mark-up and my point is that you did not have to take it and that you could have taken a normal mark-up instead of the $4.32 if you had wanted to do so. I do not blame you for not doing so but when you say you were forced to take a mark-up because of general market conditions I do not agree.—A. I think you will agree with me that we would be very poor business men to start on a one-man crusade to try and force the price of merchandise down. We would not stay in business.

Q. I am inclined to agree with you but unfortunately the evidence before this committee is that everyone has taken the same attitude and we are having a terrific price spiral. I think it shows clearly that when quotas were put on ceilings should have been put on, and the supply problem could not have interfered. I have made my point now, Mr. Chairman.

By Mr. Monet:

Q. Mr. Austin, coming back to the chart, it is correct to say that except for a few instances between November 20 and February 19 your margin was in excess of what could be considered normal?—A. That is correct.

Q. At certain periods it was a very large excess?—A. Yes.

Q. Especially January 8, January 22, February 12, and February 22.—A. That is correct.

Q. Turning to the next column which is headed "apples", I wish to draw the attention of the members of the committee to the fact that the selling prices are very close to cost and at certain periods they are even below cost. Could you explain to the members of the committee, Mr. Austin, why the selling price of apples fell, towards the end of January and the beginning of February, to a level lower than cost?—A. That is due entirely to the heavy supply of all varieties of apples on our market. Ontario production and British Columbia production were on the market in heavy volume and there was insufficient demand to take them at a figure at or above our cost.

Q. That insufficient demand is the reverse of what we have been speaking about these past few minutes. It forced you, if I may use that term, to bring down the price of apples?—A. In this case, we are forced.

Q. In that case, you lost money?—A. Yes.

Mr. BEAUDRY: Mr. Thatcher should ask a question at this point.

By Mr. Monet:

Q. I want to be fair to the witness. When he loses money I want it to be brought out.

Now, turning to the next column, we see the heading "Celery, Ontario No. 1". Do you handle celery on a commission basis or on a purchase basis only?—A. Both.

Q. After November 17 was most of the celery which you sold handled on a commission or an outright purchase basis?—A. Mostly outright purchase.

Q. At that time, I understand you had a supply of celery on hand?—A. What date are you speaking about?

Q. November 17.—A. We had a very limited supply on November 17. We were handling on a commission basis up to that date.

Q. Up to that date you were handling on commission?—A. Yes.

Q. Can you give the members of the committee a fair estimate of your supply, in terms of percentage of your total dealings in celery?—A. Our storage holdings at November 17?

Q. Yes.—A. About 25 per cent.

Q. On November 17?—A. Yes.

Q. So, following November 17, you purchased about 75 per cent of the celery you handled?—A. That is correct.

Q. Is this celery operation a large operation with your company or a rather limited one?—A. Well, it is one of many operations. It is fairly large, but there are larger operations in the city of Toronto.

Q. But in your own business, would that be an important part of your business? Is it even with the others or larger?—A. Fairly even.

Q. How would it compare with the other departments, onions, carrots, cabbage?—A. We would handle more onions, carrots, than we do celery and also more cabbage. It is of lesser importance in so far as our vegetable commodities are concerned, I would say.

Q. That was my opinion and I wanted to bring that out. From whom did you purchase or where did you purchase most of your celery after November 17?—A. We purchased it from growers and/or dealers, from cold storage.

Q. Do you deal generally with the same dealers for your purchases of celery?—A. Pretty well the same group of dealers or growers.

Q. Can you give the names of the people who supplied you with celery after November 17 last year?

Mr. Wolfe: We got our supplies chiefly from the Aldershot Cold Storage. The sales there are handled by the storage manager, Mr. Scott.

Mr. Thatcher: Is that in Toronto?

Mr. Wolfe: No, that is in Aldershot. He sells for the growers or acts as their agent.

Mr. Thatcher: Where is that, in Ontario?

Mr. Wolfe: Mr. Robinson's home town, about forty miles from Toronto.

Mr. Thatcher: Most of this celery is domestic?

Mr. Wolfe: It is all domestic.

Mr. Monet: You did not buy all of it from there?

Mr. Wolfe: No, but the largest portion or a good proportion of it was brought from there since November 17. The balance came, some from individual growers and some from other dealers and other wholesalers.

Mr. Monet: When did you start buying your celery after November 17? Did you start right away, the next day, or did you follow the normal policy of your company in buying it at different periods?

Mr. Wolfe: We bought celery steadily until the end of January.

Mr. Monet: Was there any difference in the policy of your company so far as celery was concerned after November 17 of last year as compared with previous years?

Mr. Wolfe: None whatever.

By Mr. Monet:

Q. I would refer you to this table on page 2 and I should like you to note the rapid increase in the price of celery and the drop between January 8 and January 13 from $7.71 to $3.66. Could you give the members of the committee some explanation for the noticeably rapid increase between December 31 and January 8 and the very substantial decrease from January 8 to January 15? Could you give some explanation to the members of the committee for this big jump in the market and the drop in a very short period?—A. The reason for the rise was due to the rapidly diminishing supply of celery at that particular period of time. You will note the rise in cost the same as the rise in the selling price—in fact, the cost rose even greater than the selling price between December 31 and January 8. We purchased our last celery for the season that particular week . You can see we paid an extremely high price for it and made a very nominal profit on it.

The drop from January 8 to January 15; you will note that the January 15 celery has been sold on a commission. You can see the cost column represents that. That celery was a tail-end lot of celery, that is a clean-up from a storage which a grower could not sell and delivered to us to sell for him on a commission and that is the full value we could secure for it, due to the condition I should possibly explain.

Q. I should like an explanation, Mr. Austin, for the benefit of the members of the committee first, under the heading of the cost price of your most recent purchase from November 27 to December 31, there is $2.65; from December 31 from $2.65 where it had been normally for seven or eight weeks, it jumped to $7.10. Is that just due to the law of supply and demand that within eight days there is that jump from $2.65 to $7.10?—A. No, that list is misleading for this reason; we had only one purchase of celery before November 27 through to the week of January 8, that was one block purchase in storage. Naturally, that is our most recent purchase for all the subsequent weeks.

Q. So, the $2.65 we find running through that line refers to the purchase of November 27?—A. That is correct. During that period the mark-up was steadily advancing up to the $7.10 level we see on January 8.

By Mr. Thatcher:

Q. There is one other point on that same column. November 13, Mr. Austin, was the last date before the embargo went on?—A. That is true.

Q. You show a profit on this celery of 15 cents per crate. Then 3 days after ceilings have gone on your profit has jumped to $1.50 a crate which is ten times what it was the week previous. Now, I think everyone is entitled to a fair profit; I am not disputing that. Do you not think when you jump your profits ten times and keep them at that level, you are taking advantage of an abnormal situation?—A. Here we are back to where I came in.

Q. I do not want to be unfair, but it looks to me like exploitation of the consumer?—A. It is the same story. I cannot give you any other explanation.

Q. In December it gets up as high as eleven times what your normal profits were and, incidentally, it is thirty times what it was the week of November 6, which would almost lead the committee to think that is going a little too far. —A. I do not want to sell too much celery at 15 cents a case profit.

By Mr. Monet:

Q. What would you think is a normal profit on celery?—A. Celery costing around $2.50 a case should warrant a margin of profit of from 75 cents to $1. That may sound high.

By Mr. Thatcher:

Q. Should be how much?—A. 75 cents to a $1; that may sound high based on the cost but celery is a highly perishable commodity. There is celery in every package that must be sacrificed.

Q. Do you not base it on cost at all?—A. It cannot enter into it. Supply and demand control the price.

Q. Do you mean you sell your merchandise without worrying about the cost?—A. We have to.

Q. You do not expect the committee to believe that, surely. You are always trying to get a price above your cost?—A. Naturally, we try, but we have no assurance we are going to get it.

By Mr. Irvine:

Q. You say you have no assurance you are going to get it. Every other man in the same business as you are is trying to get it too, is he not?—A. That is true.

Q. It is a fact most of you do get it?—A. Yes.

The VICE-CHAIRMAN: If they stay in business.

By Mr. Thatcher:

Q. Going back to the chart again, on November 17 your cost for celery was $2.35?—A. Correct.

Q. A week later it has fallen to $2.23. In other words, your cost has dropped but, in the same period, you have jumped the retail price from $2.50 to $3.73?—A. I might explain, Mr. Thatcher, that the relation of these selling prices at cost are not a true picture. We have certain stocks on hand that we are buying all the time. The celery we sell on a particular day may not be the celery we bought most recently. Therefore, it may have cost us more or less than the figure which is shown in this particular chart. We were asked for our most recent purchase.

Q. But looking at those two week periods, November 13 and November 20. I do not see how this committee can draw any other conclusion than that you have taken a basic food commodity which everybody has to have and taken advantage of a situation, taken a fantastic and unfair profit?—A. I will not agree we took advantage. We gained an advantage. I have tried to get that point across.

The VICE-CHAIRMAN: Reaped a benefit.

The WITNESS: That is true. I cannot give you any other answer than that.

By the Vice-Chairman:

Q. May I ask a question about these dates? I refer to a row of dates from October 2 down to February 5. They are all a week apart. They relate to the average selling price which is the average selling price during the week that ended on that date?—A. The average for that particular day.

Q. It is a daily proposition?—A. That is right.

Q. Then, you have explained the cost of your most recent purchase. On December 4, you sold a certain amount at $4.01?—A. Correct.

Q. What you sold at $4.01 you bought at $2.65 or less?—A. That is correct.

Q. What you sold on December 11 at $3.99 you bought at $2.65 or less?—A. Correct.

Q. The same is true with respect to what you sold on December 18 at $3.86; ditto for December 24, $3.60 and $4.26 is the next on December 31?—A. That is right.

Q. Again, when you come to January 8, I do not know that it is quite clear there whether that which you sold is that which you bought at $2.65 or whether

it is that which you bought at $7.10. Are you able to say?—A. I can say that is what was bought at $7.10.

Q. Does that mean to say that by the time January 28 rolled around you had sold all that you had bought away back in November 27?—A. That is right.

Q. And you were cleaned right out?—A. That is right.

Q. Can you be quite sure of that?—A. I can be certain of that.

Q. The only reason, then, that you were selling for $7.71 was that you then had to dispose of something which was purchased at the high figure of $7.10?—A. Yes.

Q. I would have thought there was a possibility you still had some of the $2.65 or less on hand on that date, but that you saw you were going to have to pay $7.10 from now on and you treated it all as if it were costing $7.10?—A. No, that is not the case in this particular instance.

Q. It does not happen to be so?—A. That is right.

Q. Then, on January 15, it would be correct to say you sold at $3.66, that which you had bought at $7.10?—A. No, you will notice that is consignment selling that particular week.

Q. That is commission selling?—A. That is right.

Q. Consequently, it has nothing to do with your profit or loss on purchase and sale?—A. That is right.

Q. And so it is with everything in the remainder of the column. In fact, there is only that entry anyway.—A. That is right.

Q. That would appear then that you sold whatever you did sell at $7.71, you bought it for $7.10?—A. That is right.

Q. Would it be correct to say that after February 5, you did not have anything left of that which you had bought at $7.10?—A. That is right.

Q. That is, your sales at $7.71, were a clean-out of what you had bought at $7.10?—A. That is right; still, Mr. Maybank, I may explain a little there; that $7.71, is the average selling price for one day. We may have had some celery a day or two after that but we did not have it by the following Thursday.

Q. Yes, these days are Thursdays?—A. That is right.

Q. And it may not have been quite cleaned up on the 8th but by the 14th it certainly was?—A. That is right.

Q. So you did not have to record anything for the 15th?—A. That is right.

Q. I see; and these purchases at $7.10, was that all in one place or does that represent several purchases?—A. That represents the average of at least three purchases at that particular time.

The VICE-CHAIRMAN: I see. Thank you.

Mr. THATCHER: Mr. Austin, I am not trying to be facetious—that is a word someone taught me—but you know there is a law the Wartime Prices and Trade Board had, I think, that any company is allowed only to take a fair and reasonable markup. Do you think when you jumped your average profit in the case of celery from 15 cents to $1.50, when you jumped that profit ten times do you think you might not be in danger of violating that law?

The WITNESS: I don't believe so, Mr. Thatcher.

Mr. THATCHER: I mean, do you know there was such a law?

The VICE-CHAIRMAN: Excuse me, just a moment. There is no such law. There is no such law as a fair and reasonable markup. There is a fair and reasonable price, but not a fair and reasonable markup. Markup may turn out to be one of the ingredients of it, or it may not.

Mr. THATCHER: Subject to correction, I wonder if Mr. Austin—just and reasonable I think is the term.

The VICE-CHAIRMAN: Just and reasonable, yes.

Mr. THATCHER: Do you think it is just and reasonable to jump your markup ten times on a basic food stuff?

The WITNESS: Well, according to present regulations on imports the government does not consider celery a basic food.

Mr. THATCHER: No, I don't agree with you, and I am not a member of the government. They say you cannot buy something if you have not got the dollars to buy it with. That does not say they do not regard it as essential. You still have not answered my question.

The VICE-CHAIRMAN: The same question was asked a witness one time before. It was in another department. He was asked after detailing a number of things about his dealings whether he considered that he had exacted or obtained a fair and reasonable price, and the committee took the position at that time that to press the question was to ask a man to plead to a charge of breaking the law; that is, if he said no, then he is pleading guilty to a charge under the law; and the committee held by common consent that it was not fair to press the question.

Mr. THATCHER: All right, Mr. Maybank.

The VICE-CHAIRMAN: I think you were present at the time and agreed.

Mr. THATCHER: All right, I withdraw. I will make a statement. It would appear to me you did take an excessive price which would make you liable, shall we say, to trouble.

The VICE-CHAIRMAN: No person can stop you saying that, but by doing that you are endeavouring to bring in something by the back door which it is pretty well understood cannot be brought in.

Mr. THATCHER: But you would not likely bring it in through the front door.

The VICE-CHAIRMAN: That is right, and you and I agree, I feel sure, that in a circuitous way you are endeavouring to do something which the committee agreed should not be done. We are both agreed on that, do you see.

Mr. THATCHER: All right, I will stop.

By Mr. Monet:

Q. Now, Mr. Austin, before we turn to the next item, I will ask you to look at your statement No. 2, the next column of statement No. 2, which deals with potatoes; and, as you gentlemen of the committee will notice, the margin on this item between the average selling price given to the members of the committee by the witness in this statement and the laid-down cost of the most recent purchases on page 3, of statement 3, was very small—you won't find it there, Mr. McGregor there was a comparative summary prepared by the secretariat—for this reason, that the margin on potatoes on the average has been very small throughout the period under consideration. I note, however, Mr. Austin, that after November 13, the price of potatoes jumped from ·029 to ·037, in the week of November 27, and that the price fell some. Could you tell the members of the committee the reason for this increase and the drop which followed?—A. The reason for that increase was excessive buying on the part of the retailers which raised the market and by two weeks later they were no longer in the market.

Q. The market settled down in other words?—A. The market settled back to its normal position.

Q. And that was the explanation where there was a very small margin during the period under consideration?—A. Yes.

Q. Now, the price of potatoes—I understand there was an announcement made some time in that period that there were lots of potatoes available in the country?—A. That is correct.

Q. And that probably would settle the price?—A. Yes, it would have that effect.

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Q. During the last few weeks we have been informed that the price of potatoes have been going up slightly?—A. That is correct.

Q. Can you give some information to the committee for such an increase?—A. The reason for that was principally the supply in New Brunswick is gradually diminishing and the roads to Prince Edward Island were breaking up with the spring breakup and it was impossible to haul the potatoes for that reason to the market and the market took an upward turn, but in the last three or four days I understand it is now settling back to its normal position.

Q. I am beginning to believe that roads play a great part in operations in this country?—A. They do.

Q. I understand they referred to the conditions of the road in the meat investigation and now you are referring to the conditions of the roads in relation to the price of fruits and vegetables. Coming back to page 3, on the table prepared by the secretariat—that deals with cabbages, imported green. Is most of the local cabbage handled by you purchased outright or handled on a commission basis?—A. A very large percentage of it is on a commission basis.

Q. What is your commission on local cabbage, what is the usual commission you take?—A. The regular rate of commission on the Toronto market is 12½ per cent, which is our scale.

Q. That is for every vegetable in which you deal?—A. That is correct.

Q. Does that rate vary with the season of the year?—A. It is straight commission. I believe Mr. Wolfe explained that yesterday, that there are certain instances of consignments by dealers on which we charge only 10 per cent, but on any grower merchandise it is a straight 12½ per cent.

Q. The standard fixed for Toronto is 12½ per cent?—A. Yes.

Q. When was that fixed?—A. A good many years ago.

Q. Then, of the local cabbage you handle, you have said that you handle most of it on commission; what proportion would you handle on commission?—A. I would say about 95 per cent.

Q. 95 per cent of the local cabbage?—A. Yes.

Q. So that after November 17, on domestic cabbage you handle 95 per cent on commission?—A. Yes.

Q. So that if there were any profit or benefit or abnormal benefit from the increase in the price of local cabbage after November 17, you would not get it, except for the commission—you would get a higher commission?—A. Yes.

Q. Who would get this increase, if there had been any?—A. The growers.

Q. As Mr. Robinson stated yesterday?—A. That is right.

Q. Now, turn to the imported green cabbage, what proportion of the imported cabbage do you handle as to your total sales in cabbage?—A. From February 5, on it was 100 per cent imported.

Q. It is all imported from February 5?—A. Yes, since February 5

Q. And so that on the chart as prepared by the secretariat here all cabbage referred to is imported cabbage from then on?—A. Yes.

Q. And this of course is purchased outright?—A. Yes.

Q. Do you import cabbage in carload lots like you do oranges?—A. Correct.

Q. I understand that cabbage is sold by the crate?—A. No, primarily in bags. There are some crates as well as some bag sales.

Q. How many bags are there in a carload?—A. 500.

Q. How many pounds in a bag?—A. 50 pounds.

Q. That is standard?—A. That is correct.

Q. Now, why was cabbage handled by you at a loss at that time?—A. We commenced our importing on February 5. At that particular time cabbage was difficult to buy in the selling states due to weather conditions, and we along with the rest of the trade did everything in our power to secure a reasonable supply. We went to Texas, to Florida, to Arizona—we went to every state which was

producing cabbage at that time and endeavoured to purchase. We got confirmations from several shippers but we did not get shipments from all of them in time to be here by February 5. The result was that shortly after February 5, these deferred contracts started to arrive. In the meantime weather conditions straightened in the states and f.o.b. markets began to decline. It was very shortly after that we had a local supply on our market an over-supply with a lower replacement price and the market declined quite rapidly.

By Mr. Thatcher:

Q. Would you, Mr. Austin, then be subject to the criticism made with Mr. Robinson in the committee. He said that some of the wholesalers were guilty of wasting Canada's scarce U.S. dollars by, as he called it, the senseless purchase of U.S. fruits and vegetables in an attempt to discourage domestic production. If you for the moment had bought less of this cabbage could you not have got along temporarily without the use of such great supply of American dollars which were so greatly needed?—A. Mr. Robinson was referring to imports immediately prior to our own production. He was not referring to imports during the usual import season. In this particular instance the country was hungry for cabbage. If you will recall cabbage was selling at 15 to 19 cents a pound in retail stores immediately before February 5. It was only the heavy importation which brought the price down to the 4 or 5 cent level as you see it on these charts. We were caught in the process and lost a little money doing it.

Q. Did you have any spoilage? Did you have to destroy any because you bought too much?—A. No.

By Mr. Irvine:

Q. You are quite sure it was not the effect of this committee that brought down the price of cabbage?—A. I would like to give you the credit but unfortunately I cannot.

By Mr. Winters:

Q. Do you always try to exhaust the domestic market before importing cabbage?—A. We prefer to.

Q. Do you make a pretty good attempt to do that?—A. We handle domestic cabbage just as long as there is domestic cabbage.

Q. Where do you get it?—A. From the local growers on consignment principally.

Q. Do you go outside of Ontario for that?—A. Sometimes.

Q. Where do you go outside of Ontario?—A. We have at times cabbage from Quebec. We have had cabbage from Manitoba, and on rare occasions from British Columbia.

Q. How do you go about getting cabbage from outside Ontario? Do you go through some association?—A. That is correct.

Q. Or the private growers?—A. Usually an association.

By Mr. Thatcher:

Q. Why do you not buy from local dealers the same way you do from the United States? Why do you make the local farmers sell their produce on consignment while you purchase import merchandise outright? Would it not be fair to give them the same deal?—A. Most growers prefer consignment. I think if you refer to Mr. Robinson's evidence he will bear that out.

Q. I got the impression Mr. Robinson said that the producer felt that when a wholesaler had produce half of which was on consignment and half of which they had bought from the United States, that they had actually bought outright, they would never push his and often the producer would be left holding the

bag because you had their merchandise on consignment.—A. I do not think he meant that exactly that way. The policy of our company—and I believe I can speak for all the other recognized wholesale houses in Toronto—is that if we have merchandise in trust from a grower for sale and at the same time we have similar merchandise in which our own money is invested we can lose money on our own and answer to no one, but if we sacrifice the growers' merchandise at the expense of our own we are looking for trouble, and we prefer to avoid that.

Q. You said the farmer prefers to have it sent in on consignment. I cannot follow the reasoning there. What reason would there be for him to prefer to have his merchandise on consignment?—A. Because he likes to get the full market value for his merchandise. In most cases they think they will get the top market value by sending it in on consignment whereas if a dealer goes to them to buy and offers them $2\frac{1}{2}$ they figure he is going to make a profit on it. "Maybe he figures he can get 3 or $3\frac{1}{2}$; I will take a chance and send it on the market and maybe I will get $3\frac{1}{2}$, too."

Q. There is no local produce you buy outright?—A. Oh, I would not say that. A lot of local produce is bought outright, but there is also a heavy percentage shipped on consignment. It depends on the preference of the grower.

Q. You buy it both ways?—A. That is correct.

By Mr. Monet:

Q. Talking about your own company on that point as to the domestic produce that you handle what would you say is purchased outright? I am talking of all the produce that you handle domestically. What would be the proportion that you purchase outright and what would be the proportion you sell on a commission basis?—A. It would run about 50 per cent in the over-all average. It would vary on different commodities.

Q. The average on the whole would be about 50 per cent?—A. Yes.

Q. That means half of the produce you handle would be sold on a commission basis?—A. Yes.

Q. And the grower would get whatever extra margin there would be if there was any or extra loss if there was any?—A. That is right.

Q. And the other 50 per cent would be purchased outright?—A. That is right.

By Mr. Mayhew:

Q. As to the local supply the other day Mr. Wolfe said that you used approximately about 2,000 bushels of carrots a week. No doubt you know about how much you are going to use of other vegetables the same as you do for carrots, such as potatoes, cabbage and so on. You do know that pretty well in advance?—A. Reasonably well.

Q. Do you make any effort then to contract for your total supply?—A. No.

Q. From Canada?—A. No.

Q. Why not?—A. Because we have no control over what we are going to receive on consignment. If we have our total supply contracted and growers come to us to sell their merchandise on consignment we would not be in a position to handle it.

Q. Do you not think it would be to your interest and to Canada's interest and to the consumer's interest if you endeavoured to obtain your supply on contract? There is no possible way for them to be sure as to the supply required unless you can assure somebody that you are going to take certain quantities. Let me put it this way. I think this is a three-way deal, producers, wholesalers and retailers. The wholesalers and the retailers are the agents for the producers. You people are the only ones who can tell the producers at all accurately how

much you are going to be able to sell, or do sell, and with such co-operation you could develop a team in Canada that I believe would give you all the vegetables and fruit that you want. As it is now the producers are working in the dark. The only one who can bring light to them as to what is actually being sold are the people who are doing your job. I think there is a place in the field for you, but I think there is that part of it— —A. The quantity of merchandise we can sell is greatly controlled by the supply available and the price level at which it sells. We might handle one year twice as many packages of a particular article as in another year under different market conditions.

Q. I know there will always be fluctuation but you could aim at it. Is it not true that you like to be in a position to deal in a market where there is an abundant supply, or where you can get a depressed price on account of quantity? Therefore you prefer to take only a part of your supplies from Canada, and the balance you buy on a glutted market.—A. You say part of our supply from Canada. Are you referring to—

Q. I am referring to what you import. When you import you are importing generally when the market is low.—A. That is not so. We import when the local supply is exhausted. We are not desirous of importing merchandise when there is a Canadian supply available.

Q. All right, we will take you at your word that you are not desirous. You desire to get your supply locally?—A. That is correct.

Q. To get your supply locally you should be able to indicate to some growers as to the quantity that you are going to require.—A. There are storage facilities that enter into it, and there is also the shrinkage problem that enters into it.

Q. I grant you that.—A. If we were to attempt to corral sufficient merchandise to do us through into the winter then we would be taking merchandise to the dump.

Q. You said a little while ago that there are a lot of vegetables that the farmer can store, potatoes, cabbage and carrots, and it does not all need to go into storage as long as they are sure of getting a market for it.—A. The situation is that if we make a deal with a grower for a certain block of merchandise we cannot leave it on his farm for storage. It is not advisable to do that because we would prefer to try to find a better type of storage for it than to leave it out there subject to the elements in the barn.

Q. That probably means— —A. And that storage space is not available.

Q. That is another point as to whether there is adequate storage in the country. I am not criticizing, but I think that you being in the centre position can do a great deal to help to increase the quantity of vegetables grown in Canada. You can help greatly to get all this merchandise to the consumer in better shape. In other words, you have a job to do with the retailer who is handling it. There are stores right here in Ottawa where it is pretty hard to tell a lettuce from a mop. The way it looks nobody wants to buy that lettuce. —A. That is true.

Q. That retailer is not a good agent for the producer. The point I am getting at is that a good agency business depends on you and on the retailer and the knowledge that the producer will give you what you want. The consumer would get a fairly reasonable average cost, and I think you would make more money out of it in the end.—A. I think Mr. Robinson's organization is doing quite a job on that. He is in constant touch with the wholesale and retail trade, and is conveying information to the growers at all times during their producing and storing season.

Q. That is all right, but I am a manufacturer, and we do distributing, and we expect the wholesaler who is handling our goods to be a good merchandiser, and we expect the retailer who sells it to the public to handle it in the right way.—A. By and large both the wholesale and retail trade are doing a reasonably good job. There are individuals in both classes of trade with whom some fault may be found.

Q. The only point I am trying to make is that you expect the producer to work blindly as to what the market is going to be.—A. I do not think he is working blindly. As I said, I think the association of growers is assisting them tremendously.

Q. He is pretty often.

By Mr. Thatcher:

Q. Mr. Austin, when you say you are doing a good job you would not suggest you are doing a good job to keep the price down to the consumer, would you?—A. We are back again.

Mr. IRVINE: That is what we are here for.

By Mr. Monet:

Q. Mr. Austin, we will now deal with the next two columns of your statements 2 and 3, carrots, local No. 1 washed and carrots, imported, United States No. 1 washed. I want to draw the attention of the members of the committee that there is a footnote reading "all carrots, local were purchased in unwashed condition. Therefore costs are in no way comparable to selling prices of washed carrots." Mr. Austin, I have my own opinion as to the impossibility of not comparing them, but I would rather get it from the man from the trade. Would you tell the members of the committee why it is practically impossible to compare costs when you purchase carrots unwashed instead of purchasing them washed?—A. Practically all carrots that we handle are purchased from the grower in an unwashed condition. They come to our warehouse, and as Mr. Wolfe explained yesterday we have a processing department in our warehouse. The carrots go through a washing machine and are graded to No. 1 standard and packed in bushel baskets for sale. During that process we have a labour cost and we have shrinkage to take into consideration. Labour cost is reasonably uniform but shrinkage is not uniform and therefore it is impossible to strike any average on the cost of processing carrots. It is because we purchase the carrots in an unwashed condition and the sale price is figured at a washed condition, and that sale price has no relative bearing.

Q. What determines the price as between you and the grower under conditions of that kind? How do you establish the price?—A. It is mutual bargaining. We buy at a price where we think we can process the carrots and still show a profit.

Q. When you buy unwashed carrots do you set a price to the grower?—A. No, we buy unwashed carrots at the market price at that time. There is a market price in the country for unwashed carrots. The growers are selling to people other than ourselves and competition is established between the sellers and the buyers, and sets the price which we must pay.

Q. What proportion of all your carrots do you purchase from the growers in an unwashed condition?—A. Practically all of them.

Q. What would be the proportion between the unwashed carrots purchased from the grower and the imported carrots which you purchase?—A. If you are referring to the past season about 95 per cent would be domestic produce.

Q. Do you purchase those carrots outright or on commission as you do for other vegetables?—A. We purchase in both ways. We have listed the prices of purchases and sales here but we have not included commission sales because the selling price was very similar.

Mr. McGREGOR: Do I understand according to this page that you sold carrots at 5 cents a pound?

Mr. MONET: The bottom of page 3 refers to imported carrots.

By Mr. McGregor:

Q. The figure then is 7·9 cents?—A. 7·9 cents a pound was the average selling price on that day.

Q. That is what you paid?—A. That is the average sale price.

Mr. MONET: There is a mistake on the last column, the third line from the bottom of the page, and opposite the figure 7·1, a loss, there should be an "L".

Mr. MCGREGOR: Do you mean to say that at that time you bought carrots at 7·9 cents and sold them for—what price did you sell them for?

Mr. MONET: Those are imported carrots.

Mr. MCGREGOR: Where are the domestic carrots?

Mr. MONET: They are not listed because there was a loss shown all the way through.

Mr. MCGREGOR: A loss on domestic carrots?

Mr. MONET: Would you answer the question regarding domestic carrots?

The WITNESS: The domestic carrot prices are listed on pages 2 and 3 of the big chart.

By Mr. McGregor:

Q. You have these figures as decimals?—A. That is 2·9 cents per pound for local carrots, washed.

Q. $2.90 for 100 pounds?—A. That is correct.

Q. That is your selling price?—A. That is right.

Q. And you paid how much?—A. 2 cents a pound at that particular time. That is on the next chart.

Mr. MONET: I wish to point out that the secretariat did not prepare a chart for domestic carrots because the price could not be compared with unwashed carrots as the witness has explained. No comparison could be made between the selling price and the purchase price.

By Mr. McGregor:

Q. Am I right in my understanding that on December 31 these carrots were sold at $4.90 and you had purchased them at $4?—A. That is correct.

Q. And on the day before they were sold for $4.50 and bought for $3?—A. That is not necessarily a comparative figure, Mr. McGregor, because the carrots which we sold on a specific day are not necessarily the carrots which are most recently purchased. There is no way of comparing them.

Q. What do you generally figure is the profit on 100 pounds of carrots?—A. I cannot tell you offhand for the simple reason that they are processed.

Q. What does it cost to process them?—A. Mr. Wolfe informs me that the average profit in his opinion would be about 1 cent per pound.

Q. 1 cent a pound or $1 on a hundred pounds of carrots?—A. Yes, after processing.

Q. Times have changed since we used to sell carrots at 25 cents a bag.

Mr. IRVINE: And you washed them yourself.

Mr. MCGREGOR: We let the public wash them in those days.

By Mr. Monet:

Q. Do you purchase imported carrots in carload lots?—A. Yes.

Q. What quantity is in a car lot?—A. 600 fifty-pound bags.

Q. I notice the margin between selling price and cost was very small during the period March 18 to April 22?—A. When carrots were purchased from the United States there was a ceiling of 10 cents a pound retail and 7 cents a pound wholesale. As you can see from the cost it was impossible to buy carrots and lay

them down here at less than 7 cents a pound. For that reason an order was issued permitting a division of the total mark-up between the laid-down cost and retail selling. A portion was allowed to the wholesaler and a portion was allowed to the retailer. The wholesaler was entitled to a 25 per cent margin and the retailer a 15 per cent margin, and for that reason our actual monetary profit was very very narrow.

Q. Coming to the last item mentioned on statements 2 and 3, onions, I see that on page 4 of the table there is a comparison. Do you handle onions on a consignment basis mostly?—A. We handle some on consignment but mostly they are outright purchases.

Q. What is the percentage of outright purchases?—A. 65 per cent.

Q. So as the result of whatever increases there might be at certain periods and considering the law of supply and demand you did benefit?—A. That is correct, yes.

Q. On January 22 your floor selling price was 5·5 cents a pound?—A. That is right.

Q. Your most recent purchase price was 4·8. On January 22 you used the same most recent purchase price which was 5·2 cents?—A. Yes.

Q. It jumped during the week of January 22-29 to 6·2 cents?—A. Yes.

Q. But the most recent purchase price remained the same?—A. Right.

Q. The same applies for February 5 when your selling price was 6·5 cents; on February 12 it was 7 cents?—A. That is right.

Q. The cost price remained the same?—A. That is right.

Q. May I take it the explanation is the same with respect to the cost price, and it is because they are all of the same lot?—A. Yes, of the same lot.

Q. And of that lot your sales in the weeks of January 29, February 5, and February 12, were at 6·2 cents, 6·5 cents and 7 cents?—A. That is right.

Q. Would not that be a very substantial mark-up?—A. Eventually it develops into a fairly substantial mark-up but it is once again merely following the trend of the selling market.

Mr. Thatcher: Supply and demand.

By Mr. Monet:

Q. What would you normally feel would be a reasonable mark-up on a pound of onions, taking into consideration the law of supply and demand, if you will?—A. I do not know that I can give you a definite answer.

Q. Will you give it as closely as you can?—A. It is merely an opinionative answer but I would judge possibly a cent a pound would be a fair normal mark-up.

Q. That would be in percentage how much?—A. It would depend on the selling price.

Q. Take it that you are selling at 7 cents?—A. When you sell at 7 cents that would be about 15 per cent.

Q. So when you sell at a percentage running as high as 25·7 that would be very abnormal?—A. It is abnormal, but it is brought about by advancing market and stock on hand.

Q. And if it is abnormal for many consecutive weeks then it is very, very, abnormal?

Mr. McGregor: It gets monotonous.

Mr. Pinard: Then it becomes normal.

By Mr. Thatcher:

Q. I do not want to be repetitious but if competition does set the price and if supply and demand is the main factor, are we not at a point during those months where the supply could not equal the demand. The supply, due to unforeseen circumstances, was cut off, and have you not taken unduly high profits or taken

advantage of that situation? The profits all the way through are abnormal, and would not that be a fair assumption to make?—A. My colleague offers me a little assistance. The wholesale fruit and vegetable business has never operated on a specific mark-up except during the existence of the Wartime Prices and Trade Board orders.

Q. You made profits under the Wartime Prices and Trade Board controls?—A. We made profits, yes.

Q. We may take them as reasonable?—A. They were reasonable mark-ups, yes.

Q. Yes and at all other times the law of supply and demand does prevail and— —A. Even though we have a prices board order respecting mark-up, supply and demand also controls the price below the level allowed. Naturally the price can go no further.

Q. When the supply is cut off we do not get the true function of the law of supply and demand because you have not got free competition? Ordinarily I agree that competition would probably keep prices down but when such a huge source of supply was cut off that law could not work?—A. The law worked very actively.

(Mr. Maybank resumed the chair.)

Q. No, I do not think it has been working. Competition has not kept prices down?—A. Competition put prices up at that time, it did not bring them down.

Q. How would competition put prices up?—A. Competition on the part of buyers.

Q. No, what you paid the buyers went down one week.—A. We do not pay the buyer.

Q. We have evidence that what you paid the buyer went down and your price went the opposite way?—A. We paid the growers.

Q. On the evidence on page 2 a moment ago, your cost went from $2.35 down to $2.23, but your selling price did not go down?—A. I explained that.

Q. But that is contrary to the statement you just made?—A. No, let me explain further. Competition is the item on which you are speaking right now. In the case of an abundant supply, competition between the sellers controls the market and brings it down. In the case of a short supply, competition between buyers forces the market up, if you have less supply than demand.

Q. I do not blame your company half as much as I blame the government for not leaving ceilings on until supplies caught up with demand.

By Mr. Monet:

Q. Before I conclude my examination, I should like to say I have concluded my examination on the information you were requested to supply. However, some information was brought to my attention as to a purchase of Egyptian onions made by your company some time around April 27, 1948; is that right?—A. That is right.

Q. Would you give the committee some information concerning that transaction, the purchase price and your selling price?—A. That particular purchase of Egyptian onions was made by us in January. We made a contract with an Egyptian shipper to ship those onions when the crop was ready. It happened to be the middle of March. They arrived in Toronto along about the 25th day of April. The price of the onions was $5.20 at the seaboard and delivered in Toronto, duty paid, at $7.41 per bag.

Q. How many bags did you have?—A. We had 1,000 bags.

Q. Of how many pounds per bag?—A. 110 pounds.

Q. You received those onions about April 27 in Toronto?—A. That is right.

Q. Your laid down cost was $7.41?—A. That is right.

Q. You have sold those onions by now? They are all sold?—A. Yes.

Q. At what price did you sell them?—A. On arrival, the market on those onions was approximately $10 to $10.50 a bag. Since that time, under the pressure of supply, the market has receded to the present day level of about $7.

Q. You say, "the pressure of supply". Do I understand you to mean many onions came in?—A. There were more than enough onions came in to supply the current demand.

Q. Were they all Egyptian onions?—A. Some were Australian onions and some were Chilean onions.

Q. Your selling price in the beginning was $10 and $10.50.—A. That is right.

Q. The last sales you made— —A. Before we left Toronto, the last sales we made were at $7 per bag.

Q. Did you get any other consignment of onions some time during the month of April?—A. We had two shipments of Egyptian onions, another shipment of 1,200 bags.

Q. Your laid down cost was how much?—A. $7.05.

Q. This shipment sold at $7.50 a bag?—A. $7.50 to $8.

By Mr. McGregor:

Q. When did you get the second shipment?—A. About two weeks after the first.

By Mr. Monet:

Q. That was three cars, was it not?—A. That is right.

Mr. Monet: I have no more questions.

By Mr. McGregor:

Q. Why would you sell those onions at $7 when you say you paid $7.05 for the new ones?—A. Onions are bought in Egypt on a contract basis from one month to two months prior to arrival. We can only buy what we consider is a good purchase at that time. It might not be a good purchase by the time they arrive here.

Mr. Monet: I have no more questions of this witness.

The Vice-Chairman: If there are no other questions, will you be calling another witness?

Mr. Irvine: Before you call another witness—

The Vice-Chairman: I was going to follow that with some information which I have. There is just a possibility we will not continue with this witness tonight. In such an event, possibly it would be wise to swear the next witness before adjournment.

Mr. Irvine: Before you swear the next witness, I should like to bring a matter to the attention of the committee. In fact, I want to make a motion. Before I make that motion, I want to indicate the reasons for making it.

First, practically every witness testifies that supply and demand arbitrarily set the prices and every business man here who has given evidence testifies it is proper for him to take all the traffic will bear. In fact, he claims it as his right to do so. It has been stated again and again by witnesses that it would be both foolish and impractical for any business management to deliberately reduce the margin on sales on a keen demand market.

It was in the hope of impressing Canadian business with the advisability of reducing prices voluntarily that the Prime Minister moved the setting up of this committee. Therefore, I move, sir, that this committee report to parliament and ask for power to make recommendations with a view to reducing prices by some other method since the voluntary method is ineffective.

The VICE-CHAIRMAN: All that you have said is your motion? Your opening remarks are part of the preamble?

Mr. IRVINE: Yes.

The VICE-CHAIRMAN: Are you ready for the question? Do you want to discuss it? All those in favour? Those against? Three vote against the motion and three for it. It is even, therefore I vote against the motion and the motion is lost.

You probably wish to hand your written motion to Mr. Arsenault?

Mr. IRVINE: Oh, yes.

The VICE-CHAIRMAN: I think everyone is grateful to you, Mr. Irvine, for disposing of it as quickly as possible. It actually gave an opportunity for a lot of oratory.

Mr. IRVINE: We will have others later, I have no doubt.

The VICE-CHAIRMAN: You will remember Mr. Ashbauch who was here was to send a memorandum on the nail situation. I have not that memorandum but I have been inquiring about it. I have had a message handed to me today that he is ready to address a memo to me. It may not come immediately, and for this reason; he is meeting the large companies who are producing nails and he would be in a better position after that to give us accurate data.

Now, I think what I have just said to you he will be saying by way of a memorandum addressed to me. I thought you ought to know that in the meantime. You will all be aware that, probably, what is involved in this conference is to arrange with certain—I presume this, I am talking off my own bat—to arrange the discontinuance of some wire fabrication and put the raw commodity into nails instead.

Mr. THATCHER: In view of what Mr. Howe said in the House, I think he is doing pretty well what the committee suggested.

The VICE-CHAIRMAN: I think that is right. I think the memorandum from him would have something to do with that. This much information I had from him and I thought you would like to know it.

Mr. THATCHER: Thank you very much.

Mr. IRVINE: I was going to ask if the Clerk of the House had reported as yet on our ability to summon cabinet ministers?

The VICE-CHAIRMAN: No.

Mr. MCGREGOR: What about the report from Dr. Beauchesne?

The VICE-CHAIRMAN: Mr. Irvine was just asking about that. He has not had time to write it as yet. I presume he would have to look into the authorities first.

Mr. THATCHER: I move we adjourn.

The VICE-CHAIRMAN: We had better swear the next witness first.

Harold E. Stronach, General Manager, Stronach and Sons, Toronto, called and sworn:

By Mr. Monet:

Q. Would you give us your first name, please?—A. Harold E. Stronach.

Q. And your address?—A. 18 Rolph Road, Toronto.

Q. Your occupation?—A. General manager of the firm of Stronach and Sons.

The CHAIRMAN: The committee will adjourn until tomorrow at 11.00 a.m.

The committee adjourned to meet again tomorrow, May 13, 1948, at 11.00 a.m.

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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 58

THURSDAY, MAY 13, 1948

WITNESSES:

Mr. H. E. Stronach, General Manager, Stronach & Sons, Toronto, Ontario.

Mr. Geo. C. Anspach, President, Geo. C. Anspach Co., Limited, Toronto, Ontario.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

MINUTES OF PROCEEDINGS

THURSDAY, May 13, 1948.

The Special Committee on Prices met at 11.00 a.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudry, Fleming, Harkness, Irvine, Kuhl, McGregor, Maybank, Mayhew, McCubbin, Pinard, Thatcher, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. H. E. Stronach, General Manager, Stronach & Sons, Toronto, was recalled and further examined. He filed,

Exhibit No. 106—Series of five statements submitted by Stronach & Sons in answer to questionnaire. (*Printed in this day's Minutes of Evidence*).

During proceedings, Mr. Mayhew took the Chair in the temporary absence of the Vice-Chairman.

Witness discharged.

Mr. Geo. C. Anspach, President, Geo. C. Anspach Co., Limited, Toronto, Ont., was called, sworn and examined. He filed,

Exhibit No. 107—Series of five statements submitted by Geo. C. Anspach Co.. Limited, in answer to questionnaire. (*Printed in this day's Minutes of Evidence*).

At 12.55 p.m. witness retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudry, Beaudoin, Fleming, Harkness, Irvine, McGregor, Martin, Maybank, Mayhew, McCubbin, Merritt, Pinard, Thatcher, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committe in attendance.

Mr. Thatcher moved; seconded by Mr. Irvine.

> Whereas the chief purpose of the price spread committee, is to study reasons for the high cost of living, and at the same time methods of lowering it—
>
> and whereas the cost-of-living index has continued to rise even as the committee has been sitting—
>
> and whereas there are indications that the European Recovery Program will cause additional merchandise shortages in Canada and even higher prices—
>
> and whereas the deliberations of this committee have shown beyond reasonable doubt, that due to abnormal world conditions and demand, regular competition is still not functioning to keep prices down—

> I move that this committee immediately ask the House of Commons to extend the committee's terms of reference, in order to enable it to recommend—
>
> That a nation-wide plebiscite be held which would allow the Canadian people themselves to decide whether or not they wish the return of price and related controls, until abnormal post-war shortages are ended.

The Chairman ruled that the motion was out of order on the ground that it asked for power not only to recommend, but to recommend a specific thing which did not come under the scope of the Committee's Order of Reference.

Mr. Fleming having appealed from the Chairman's ruling that the Chairman having stated that there was no appeal from the Chair's ruling, Mr. Thatcher moved that the Clerk of the House be asked for a decision as to the propriety of the Chairman's ruling on the right to appeal from his decision. Motion carried.

Mr. George C. Anspach was recalled and further examined.

In the course of witness' examination, the Vice-Chairman, Mr. Maybank, presented a memorandum from the Clerk of the House respecting the calling of a Minister of the Crown as a witness before the Committee. (*See Minutes of Evidence*).

On motion of Mr. Maybank.

Resolved—(on division) That the Chairman should not invite Mr. Gardiner at the present time.

Examination of Mr. Anspach continued, and at 6.00 p.m. witness discharged.

The Chairman informed the Committee that the Clerk had consulted with the Clerk of the House who had confirmed that there is no appeal from the ruling of a Chairman in Committee.

The Committee adjourned until Tuesday, May 18, at 11 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

House of Commons,
May 13, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Vice-Chairman, Mr. R. Maybank, presided.

The Vice-Chairman: We have a quorum, gentlemen.

Harry E. Stronach, General Manager, Stronach and Sons, Toronto, recalled:

Mr. Thatcher: Mr. Chairman, is there any brief to go with this witness?

Mr. Monet: There will be an exhibit after a little while, after the preliminary questioning is finished.

By Mr. Monet:

Q. Mr. Stronach, you were sworn before we adjourned yesterday, so we will proceed with our examination, and before dealing with the questions which are to be answered by Mr. Stronach I intend to ask the witness a few general questions similar to what I did in connection with the Ontario Produce Company. Mr. Stronach, would you please tell members of the committee when your fiscal year ends?—A. The 31st of December.

Q. And the address of the head office?—A. 60 Colborne Street, Toronto.

Q. I understand the name of the business is Stronach and Sons?—A. That is right.

Q. Would you give the members of the committee the names of the partners in the firm?—A. George Stronach, Proprietor; Harry E. Stronach, General Manager; George Stronach Jr., General Superintendent; and Harold Anderson, Office Manager.

Q. George Stronach is your father?—A. That is right.

Q. And George Jr.?—A. He is my brother.

Q. Is Mr. Anderson any relation?—A. No, no relation.

Q. And the head office of the company is in Toronto?—A. Correct.

Q. And I understand that you have no subsidiaries of any kind?—A. That is right.

Q. You also operate a warehouse in Toronto?—A. That is correct.

Q. Is that the property of the company?—A. No, we are tenants.

Q. You are tenants?—A. The building is 60 Colborne Street, where the head office is located, but our sales store is No. 66 Colborne Street of which we are the tenants.

Q. That is your warehouse?—A. That is right.

Q. That is where you store the goods you have on hand for sale?—A. That is correct.

Q. I understand also, Mr. Stronach, that your business is mostly on a commission basis, is it not?—A. That is right.

Q. What would be the proportion of your business which would not be on a commission basis?—A. It might run as high as 15 per cent.

Q. That would be for goods which you purchase outright and sell as an ordinary wholesaler?—A. That is right.

Q. And the other 85 per cent of your business is purely on commission?—A. That is right.

Q. Now, these goods which are handled on a commission basis, are they domestic goods or imported, or both?—A. Chiefly domestic. Occasionally we get consignments from other members of the trade of imported merchandise sent to us to sell for them on consignment.

By Mr. Thatcher:

Q. And all your imported goods are bought outright, are they?—A. Not all, Mr. Thatcher, but a large proportion, yes.

Q. A large part of the imported are bought outright, and a large part of your domestic are bought on confirmation?—A. That is right; but I must go further than that and tell you that any of the imported goods we buy are bought from the original importers in Toronto.

By Mr. Monet:

Q. And you handle them for them on a commission basis?—A. No, no.

Q. So that as a whole we can say that your business with respect to domestic and imported goods is about 85 per cent on a commission basis?—A. That is right.

Mr. MAYHEW: How do you get your 85 per cent?

Mr. MONET: I am coming to that, if you don't mind.

By Mr. Monet:

Q. With respect to your domestic goods, what proportion of the goods are sold on commission, and what proportion of the goods are purchased outright for you to sell for your benefit?—A. Well, 95 per cent of the domestic commodities we handle would be consigned to us to sell on commission, the other 5 per cent would be bought outright.

Q. And then these would be consigned to you by the growers?—A. That is right.

Q. Do you get your commodities mostly from the growers?—A. Mostly from the growers.

Q. So you would be different from the type of business people described by Mr. Robinson as commission agents?—A. That is right.

By Mr. Thatcher:

Q. Do you, as a matter of practice, encourage growers to ship to you on a commission basis rather than buying outright?—A. Yes. It is a policy of ours that we do everything in our power to have the grower or producer to ship to us on consignment; but, if he has a commodity that is in particular demand and he refuses or he insists that he sell it, then under certain circumstances we will buy it. I mean, if I can see that I am going to lose a particular lot of produce that I want inasmuch as he will not ship it to me on consignment then I will buy it.

By Mr. Monet:

Q. But as a rule in your business over the last few years has it not been a general rule that the grower would rather have you sell his produce on a commission basis for him?—A. That is right.

Q. As a general rule we can accept that?—A. That is right.

Q. What commission do you take on domestic produce?—A. $12\frac{1}{2}$ per cent and handling charges.

Q. Is that agreed to by the grower and by you when you take possession of his goods?—A. That is right.

Q. He knows he is going to pay $12\frac{1}{2}$ per cent commission?—A. That is right.

Q. Now I understand you do everything in your power to try to get the best possible price, don't you?—A. I have to do that.

Q. You have to do that; why have you got to do that?—A. Competition is so keen in the commission business that if I did not work hard for the farmer to get as much money for him as the traffic will bear then I am going to lose his account to one of my competitors.

Q. So you endeavour to get the highest possible price for the grower of the goods he wants you to sell for him?—A. Very definitely.

Q. How would you proceed to achieve that?—A. I don't just understand your question.

Q. Well, from what you have said, how would you determine the price you would ask—I understand you are selling to the retail trade?—A. That is right.

Q. What would determine the price you would ask? How would you know to set the price on the goods he wanted you to sell?—A. Well, after years of experience selling fresh fruit and vegetables you require a knack that is in there as to guessing as a result of the available supply and anticipated demand. It is on these two factors that you attempt to establish a price. But, of course, the price being set on merchandise has to be acceptable to the retail distributor. If he thinks the price we are asking is exorbitant then he will back away from the deal and he won't buy it.

Mr. IRVINE: If it was too low he would not buy anything.

The WITNESS: If it is too low he would buy it quick.

Mr. IRVINE: Yes, that is what I meant.

By Mr. Monet:

Q. Now, let us take as an example one morning at the opening of your office, you have a certain quantity say of potatoes for sale; is it the retailer who makes the first bid or do you offer potatoes at a certain price?—A. No, the retailer insists on us putting a price on it and that gives him a dicker.

Q. Then what I would like you to tell the members of the committee is at that particular moment how do you proceed to set the price?—A. Well, there is competition in the market and I am in touch with quotations from the maritimes —we do not handle maritime potatoes, we handle only Ontario potatoes. I know what the quotations are from the maritimes. I know what the laid-down cost is, and I endeavour to get more if I think the potatoes are as good as or better than the available Prince Edward Island potatoes on the market, or less if the quality is not as good.

Q. And then you will try, of course, to sell your potatoes a little higher than maybe your competitors?—A. We are striving to get the utmost.

Q. So there is competition between all the firms who handle these goods on a commission basis?—A. That is right.

Q. There is competition between yourselves with a view to getting the largest price for the goods?—A. That is right.

Q. And that of course would tend to raise prices?—A. That is right.

Q. And the retailer would be the one at this stage who would pay the higher price than he would have paid had that commission not existed?

Mr. MCCUBBIN: He would pay a lower price.

The WITNESS: The retailer is constantly trying to beat us down.

Mr. MONET: Does he succeed all the time?

The WITNESS: Well, it depends on the supply and the demand.

Mr. THATCHER: He didn't as a rule after the import embargo went on, did he?

By Mr. Monet:

Q. I was asking you if the retailer had succeeded in keeping the prices down in the last six months?—A. No, the retailer was more interested in obtaining supplies.

Q. Than he was in trying to keep prices down?—A. That is right.

Q. And of course that would suit you commission agents who would be getting a better price for your consignees?—A. It seemed to be a better arrangement.

Q. But in the long run it is the consumer who pays for it?—A. Yes; but at the same time the extra money the consumer pays is going to the primary producer.

Q. I am not discussing that aspect of the matter with you for the moment. Now, do you think anything could be done—you have been in the business for quite a number of years and your firm is a very large commission firm; is that right?—A. Yes.

Q. I am told that in Toronto you would be the largest commission firm?—A. I do not know whether you would call us the largest, it would depend on the point of view. I could say, the best.

Q. Well, let us say the best. That is why I feel that in questioning you I am getting the opinion of an expert in the matter, because I say that you are by far the best. Now, do you think that something could have been done to keep prices at a lower level than they were during the last six months?—A. This is a personal opinion. If I knew that such a situation was in contemplation I probably would not do very much about it because it is my duty, my trust, to get as much for the producer as I can for the merchandise he sends in for me to sell.

Q. Well, you heard Mr. Robinson, one of Mr. Robinson's statements in his brief to this committee—I am referring here to a few lines on page 9, and I would like to have your comments on them. He said: "It was, therefore, amusing to some of us to watch some commission wholesalers riding the bull market to the limit and at the same time joining in the public clamour about prices". Wouldn't you care to make any comment on that statement?—A. Yes. I do not think he meant commission merchants such as we are.

Q. Well then, would you make any comment on the statement?—A. I have made it I do not think he meant commission merchants who are established in the industry.

Q. Who do you think he meant?—A. I believe he meant the men who go out to the farmer and buy their produce for cash at the farm and then bring it into the city of Toronto and distribute it at a profit or a loss as the case may be.

Q. Would you care to make any comment on this statement in so far as it applies to wholesalers or others such as you have referred to?—A. Well, I do not have any argument to make with Mr. Robinson's statement, inasmuch as I feel that that is his personal opinion everyone is entitled to that, whether it be right or whether it be wrong.

Q. What would be your opinion?—A. My opinion is that he is, shall we say, a little incorrect.

Q. Would you give your own comment then on the matter?—A. Yes. I do not think that we have created any furore or raised any fuss about the supplies being cut off, because it was to our interests, it was beneficial to us as commission dealers to see the supplies of American produce not being brought in in competition with Canadian produce cutting out supplies increased the demand for the available Canadian produce, and as a result of that process we felt that we benefited.

Q. As far as your firm as commission agents were concerned?—A. That is right.

Q. But to the ordinary wholesaler I mean, or this type of distributor to whom Mr. Robinson was referring?—A. I do not think he was referring to us.

Q. Definitely, you see, he was not referring to your company, I agree.—A. Yes.

Q. And you would rather not make any comment I suppose as to the others?—A. No.

Q. Now, as to your storing capacity I understand that you store certain quantities of domestic goods that you receive and hold them for disposition?—A. Just the supplies we bought in the market which we store in our warehouse and hold them while they are in great volume. It is a day-to-day operation.

Q. You never at any time hold any considerable volume of supplies?—A. No.

Q. Now, on November 17, 1947, did you have any large quantity of supplies in general for the grower?—A. Do you mean under my control?

Q. Yes.—A. I do not control anything, Mr. Monet, the grower owns it until it is in my warehouse and they bring it in a truckload at a time and when that is sold they bring in another truckload and when that is sold they will bring in another. Until they bring it in to me I have no control over it.

Q. But after it is in the warehouse?—A. I can control it.

Q. I understand, until it is sold it belongs to the grower?—A. It belongs to the grower, yes.

Q. What I want to know is this, if on November 18, you had in your warehouse any large quantity of supplies belonging to the growers that you had for sale?—A. No, I did not.

Q. You did not?—A. No.

Q. And you kept receiving supplies after November 17, as in the past years is that correct?—A. That is true.

Q. So that it was as normal as in past years, was it?—A. Well, let me put it this way, at the time of the holdup I was a little enthusiastic about the possibilities of a higher price and if I worked a little harder to ensure plentiful supplies there might be some benefit to all concerned.

Q. That lasted for a few days?—A. How is that?

Q. You said that if you got enthusiastic you could get a higher price.—A. I am always enthusiastic about that.

Q. I mean at that particular time, do you mean you held— —A. We went out and advised our growers, I mean the growers who are dealing with us, that we anticipated a higher market and then we advised them if they were going to market to be sure and market it through us and that we would guarantee them the highest market price on the sale of their goods.

Q. Why were you anticipating a higher price at that time?—A. It was only reasonable to assume there would be depleted supplies and a smaller supply than usual and the price would react in a higher trend as a result of the demand.

Q. And is it correct to state as Mr. Robinson said that at that time there was quite a publicity campaign started about the scarcity of supplies?—A. There was a lot of newspaper comment.

Q. And that would create a rising price level?—A. Naturally.

Q. Could not that publicity compaign have been a little less strenuous and kept prices a little lower?—A. We would have been very pleased to see that. There was no necessity for much that appeared in the newspapers at all.

Q. You would have been glad to see less?—A. Yes.

Q. You are speaking for your own company?—A. That is right.

By Mr. Thatcher:

Q. Who carried on this campaign Mr. Robinson spoke about in the newspapers?—A. The newspapers; of course, they were selling newspapers.

Q. I thought I understood someone to say that there had been a certain amount of advertising as well as editorial comment?—A. Not to my knowledge.
Q. It was just editorial?—A. That is right.

The VICE-CHAIRMAN: "Just editorials", you do not mean to stop there, do you?

Mr. THATCHER: And newspaper stories.

The VICE-CHAIRMAN: That is right.

Mr. PINARD: We were told that some publicity was placed by American firms.

The WITNESS: Not in the local papers. They might have paid for space in the trade journals.

Mr. THATCHER: If that newspaper publicity had not taken place do you think it would have established a market in which supply would have been equal to demand; do you think that you could have supplied most of the normal market if that flurry had not been created?

The WITNESS: It would have made a vast difference if the publicity had not been in the papers, because I believe people over-bought, and they were in the same position as the country in general. Everybody was concerned that they were not going to be able to get a hold of adequate supplies and as a result a good many people over-bought, bought far more produce than they normally would have and they took it home and put it in their cellars and a large percentage of it spoiled.

Mr. FLEMING: The effect of what you are saying is that as a result a condition of panic was created?

The WITNESS: That is right.

Mr. FLEMING: That always causes people to run out and buy supplies for themselves.

The WITNESS: That is right, they read newspaper articles stressing points of that kind—for instance, that they were not going to be able to get enough potatoes, and so on—and it was apparent right from the start that it was absolutely unnecessary.

The VICE-CHAIRMAN: I wonder if it would have been worth while to start a campaign like the well known character who suggested that they should hang all the newspaper men—not any of those who are present, of course.

Mr. THATCHER: But of course, Mr. Stronach, it would be fair to say that you benefited from that campaign in an indirect way?

The WITNESS: That is a matter of opinion.

By Mr. Monet:

Q. There has been a lot said here, Mr. Stronach, and probably as a member of the committee pointed out last night there will still be a lot said about the law of supply and demand. Did not that publicity kind of help the law of supply and demand in increasing your prices?—A. It most definitely did.
Q. It did?—A. Yes.
Q. And if that publicity campaign or any other campaign had been directed in another way it could have brought prices down?—A. If there had been no publicity at all it would have been much more satisfactory.
Q. So you would agree that this law of supply and demand can be influenced in certain directions and to a certain extent?—A. I would say it can be swayed, yes.

Q. And it can be swayed by the trade?—A. You mean by the wholesale dealers?

Q. By the trade in general?—A. I do not know how.

Q. Well if, for instance, if this particular publicity had been directed to the opposite direction, as you said a moment ago, you think the prices would have gone down, or at least they would not have gone so high?—A. That is true.

Q. And then if the campaign had not been directed in the way it was prices would not have gone so high?—A. Yes.

Q. Now, if as Mr. Robinson pointed out, the trade was responsible for that campaign of publicity—I do not say that, it was Mr. Robinson who said that—I put it this way, that if the trade had not gone into that publicity campaign the result would not have been what it was?—A. You mean, if we had endeavoured to keep prices lower?

Q. Yes.—A. Well, I am a commission merchant selling the farmers' produce for as much as I can get for it. That is my bounden duty, and that is what I have to do to stay in business.

Q. I know, but with your experience in the trade—and I am taking your firm with its long years of experience—I do not know whether you can answer that question or not. If you do not want to answer it, or if you cannot answer it, just say so.

By the Vice-Chairman:

Q. The question is, could not the trade acting in concert have counterbalanced that publicity campaign by a campaign of another sort?—A. Well, Mr. Chairman, I do not believe that there was any definite campaign carried on; certainly, not by the wholesale fruit trade.

Q. Let me change it then and put it this way. I am only trying to see if we can clarify the thing. There was activity in the way of much publicity which had the effect as Mr. Fleming has said of creating a condition of panic and this resulted in the rise in prices. That is correct?—A. Yes.

Q. Then what about the possibilities at that time of a counter propaganda put on by the trade designed to quiet the fears of the consumers; and, could that have been done, would that have had the effect of holding prices down somewhat?—A. Frankly, Mr. Chairman, we did not know any more than did the public where this thing was going to end.

Q. Whether such a thing could have been done or not, you say the trade did not have sufficient information to go ahead?—A. That is right.

Mr. Thatcher: Mr. Monet, have you an exhibit comparable to that produced by the Wolfe Company?

Mr. Monet: No. This firm is almost entirely a commission business and as you will see by the exhibit I will not be questioning the witness very much. The business is mostly commission and it would not help us. The percentages are roughly 95 per cent commission and 5 per cent outright purchases.

Mr. Thatcher: That is for the domestic goods?

The Witness: 85 per cent and 15 per cent.

Mr. Monet: That is why, Mr. Thatcher, the secretariat and counsel did not think it necessary to have a comparison.

By Mr. Monet:

Q. Will you turn to this questionnaire, Mr. Stronach, and the questionnaire will be filed as exhibit 106 at this point.

EXHIBIT 106—Preliminary Information, Fruit and Vegetable Inquiry, Stronach & Sons.

EXHIBIT 106

Statement 1

General Information

PRELIMINARY INFORMATION—FRUIT AND VEGETABLE INQUIRY

1. Name of Company: Stronach & Sons.

2. Adrress of head office: 60 Colborne Street, Toronto, Ont.

3. Date commenced business: 1900.

4. Names and addresses of parent, subsidiaries and affiliated companies: as above—no subsidiaries.

5. Names and addresses of officers and directors or partners: George Stronach, Proprietor, 60 Colborne Street, Toronto, Ont.; Harry E. Stronach, General Manager, 60 Colborne Street, Toronto, Ont; George Stronach, Jr., Gen'l. Superintendent, 60 Colborne Street, Toronto, Ont.; Harold Anderson, Office Manager, 60 Colborne Street, Toronto, Ont.

6. Location of branches, warehouses and other places of business (including those of subsidiary companies engaged in the fruit and vegetable trade): Warehouse, 66 Colborne Street, Toronto.

STRONACH & SONS

(60 Colborne Street, Toronto, Ont.)

AVERAGE SELLING PRICE

Date	Oranges Calif. 288	Apples B.C. 125-138 delicious "C"	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported U.S. No. 1 washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
	$ cts.	$ cts.	$ cts.	$ cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.
1947											
October 2	N.A.	N.A.	1.08	N.A.	N.A.	N.A.	.035	N.A.	0.25	N.A.	.032
October 9	5.75	N.A.	1.05	N.A.	N.A.	.08	.039	N.A.	.03	N.A.	.035
October 16	N.A.	N.A.	1.25	N.A.	N.A.	.15	.038	N.A.	.023	N.A.	.035
October 23	N.A.	N.A.	1.76	N.A.	N.A.	.10	.038	N.A.	.025	N.A.	.04
October 30	N.A.	N.A.	1.70	N.A.	N.A.	.09	.026	N.A.	.02	N.A.	.035
November 6	N.A.	N.A.	N.A.	1.16	N.A.	.16	.03	N.A.	.03	N.A.	.032
November 13	N.A.	N.A.	N.A.	1.25	N.A.	.13	.03	N.A.	.03	N.A.	.033
November 20	N.A.	N.A.	2.75	1.50	N.A.	.17	N.A.	N.A.	.03	N.A.	.042
November 27	N.A.	N.A.	4.30	2.28	N.A.	.15	.05	N.A.	.045	N.A.	.06
December 4	N.A.	N.A.	N.A.	2.50	N.A.	.12	.052	N.A.	.04	N.A.	.05
December 11	N.A.	N.A.	4.00	3.00	N.A.	N.A.	.075	N.A.	.04	N.A.	.055
December 18	N.A.	N.A.	4.50	2.60	N.A.	.196	.075	N.A.	.04	N.A.	.05
December 24	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.08	N.A.	.043	N.A.	.05
December 31	N.A.	N.A.	5.40	N.A.	N.A.	N.A.	.087	N.A.	.044	N.A.	.05
1948											
January 8	6.00	N.A.	8.00	N.A.	N.A.	N.A.	.11	N.A.	.05	N.A.	.047
January 15	N.A.	N.A.	8.50	4.50	N.A.	N.A.	.11	N.A.	.045	N.A.	.051
January 22	N.A.	N.A.	9.03	N.A.	N.A.	N.A.	N.A.	N.A.	.042	N.A.	.055
January 29	N.A.	N.A.	10.00	N.A.	N.A.	N.A.	N.A.	N.A.	.05	N.A.	.059
February 5	N.A.	N.A.	10.48	N.A.	N.A.	N.A.	N.A.	.053	.064	N.A.	.075
February 12	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.041	.065	N.A.	.08
February 19	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.08	N.A.	.088
February 26	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.04	.096	N.A.	.09
March 4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.039	.12	N.A.	.09
March 11	5.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.045	N.A.	N.A.	.09
March 18	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.045	N.A.	.088	.083
March 25	N.A.	N.A.	N.A.	N.A.	N.A.	.85	N.A.	N.A.	N.A.	N.A.	.08
April 1	5.20	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.06	N.A.	.09	.10
April 8	5.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.06	N.A.	N.A.	.096
April 15	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.095
April 22	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.074	N.A.	N.A.	.12

STRONACH & SONS

(60 Colborne Street, Toronto, Ont.)

LAID-DOWN COST OF MOST RECENT PURCHASES—IN CENTS PER POUND

Date	Oranges Calif. 288	Apples B.C. 125-138 Delicious "C"	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported No. 1 washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
	$ cts.	$ cts.	$ cts.	$ cts.	cts.		cts.	cts.	cts.	cts.	cts.
1947											
October 2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
October 9	5.25	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
October 16	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
October 23	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
October 30	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
November 6	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
November 13	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
November 20	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
November 27	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
December 4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
December 11	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
December 18	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
December 24	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
December 31	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
1948											
January 8	5.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
January 15	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
January 22	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
January 29	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
February 5	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.052	N.A.	N.A.	N.A.
February 12	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.052	N.A.	N.A.	N.A.
February 19	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
February 26	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.033	N.A.	N.A.	N.A.
March 4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.035	N.A.	N.A.	N.A.
March 11	5.20	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.038	N.A.	N.A.	N.A.
March 18	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.03	N.A.	.086	N.A.
March 25	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
April 1	4.75	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.04	N.A.	.089	N.A.
April 8	4.96	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.055	N.A.	N.A.	N.A.
April 15	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
April 22	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.072	N.A.	N.A.	N.A.

Statement 4—Annual Sales and Profits

STRONACH & SONS

December 31st

—	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
	$	$	$	$	$	$	$	$	$	$
Sales	302,617	383,605	403,052	467,109	633,960	649,480	754,276	744,374	696,386	
Cost of sales	263,914	333,632	349,568	408,190	562,804	576,386	674,934	662,434	610,349	
Gross profit	38,703	49,973	53,484	58,919	71,156	73,093	79,342	81,940	86,036	
Commissions earned	....	....	....	....	....	....	....	....	....	
Miscellaneous income	3,701	3,424	4,502	3,111	2,638	3,412	4,433	2,863	4,899	
Gross revenue	42,404	53,397	57,986	62,030	73,794	76,505	83,775	84,803	90,925	
Executive or partners salaries	3,000	3,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Other salaries and wages (include commission to salesmen)	17,024	21,464	24,100	27,784	28,198	31,399	31,057	32,321	37,585	
Other operating expenses	19,412	22,277	23,594	23,103	26,796	27,858	29,959	32,202	31,418	
Total expenses	39,436	46,741	53,694	55,887	59,994	64,257	66,016	69,523	74,003	
Operating profit before taxes on income	2,968	6,656	5,292	6,143	13,800	12,248	17,759	15,280	16,922	
Investment income	....	....	....	....	....	....	....	....	....	
Interest paid	1,440	1,255	1,036	1,217	514	434	437	303	514	
Profit before taxes on income	1,528	5,401	4,256	4,926	13,286	11,814	17,322	14,977	16,408	
Provision for taxes on income	228	3,394	1,445	2,382	10,311	9,391	13,720	8,196	7,208	
Net profit	1,300	2,007	2,811	2,544	2,975	2,423	3,602	6,781	9,200	
Percent gross profit to sales	12·7%	13%	13·2%	12·6%	11·2%	11·2%	10·5%	11%	12·3%	

STATEMENT 5—MONTHLY SALES AND PROFITS

STRONACH & SONS

Month	Sales	Gross profit	Percent gross profit to sales	Commissions and miscellaneous income	Operating expenses	Operating profit
	$	$	%	$	$	$
1946—January	20,344	1,696	8·3	218	4,642	2,728 Loss
February	14,319	1,704	11·9	200	4,318	2,414 Loss
March	21,841	2,935	13·4	295	4,186	956 Loss
April	27,026	3,158	11·7	226	3,963	579 Loss
May	51,845	5,457	10·5	242	4,877	822
June	98,501	10,525	10·7	165	5,771	4,919
July	189,628	19,211	10·1	293	8,532	10,972
August	122,824	14,783	12·0	300	7,670	7,413
September	94,778	11,203	11·8	220	8,260	3,163
October	62,127	7,517	12·1	210	6,382	1,345
November	24,139	2,127	8·8	290	6,025	3,608 Loss
December	17,002	1,624	9·5	204	5,200	3,372 Loss
	744,374	81,940	11·0	2,863	69,826	14,977
1947—January	22,786	4,501	10·9	416	6,743	1,826 Loss
February	16,249	2,380	14·1	204	4,284	1,700 Loss
March	14,760	2,283	15·4	210	4,166	1,673 Loss
April	20,055	2,389	11·9	553	5,190	2,248 Loss
May	37,258	4,638	12·4	212	4,835	15
June	79,215	9,794	12·8	213	6,300	3,707
July	166,838	21,894	13·0	279	9,294	12,879
August	124,172	16,230	13·0	1,013	8,080	9,163
September	99,320	11,310	11·3	217	8,846	2,681
October	62,802	6,401	10·1	503	6,733	171
November	24,749	1,832	7·4	814	5,362	2,716 Loss
December	28,182	2,384	8·4	255	4,684	2,045 Loss
	696,386	86,036	12·3	4,889	74,517	16,408
1948—January	26,057	3,387	13·0	210	5,172	1,575 Loss
February	18,135	2,745	16·2	210	5,201	2,246 Loss
March	15,778	1,759	11·1	210	5,233	3,264 Loss

By Mr. Monet:

Q. You have a copy of the exhibit, Mr. Stronach?—A. Yes.

Q. You identify this as the questionnaire which you answered?—A. Yes.

Q. I would ask the committee members to turn to page 4 of the statement which shows the annual sales and profits of the company for the past nine years. Would you give the members of the committee the total dollar sales of your company for the fiscal year ending December 31, 1939?—A. $302,617.

Q. Would you give the corresponding information for the fiscal year ending December 31, 1947?—A. $696,386.

Q. Your sales for the last fiscal year have increased $390,000 over the 1939 figure?—A. Yes.

The VICE-CHAIRMAN: May I interject and ask whether this great increase in volume—judged in dollars—is comparable to the increase, if an increase did take place, in volume?

Mr. IRVINE: I think that is a very important question.

By the Vice-Chairman:

Q. You have $302,000 in 1939 based on a certain price level and you have $696,000 because of a certain price level in 1947. Would you have anything like that increase in the way of boxes, bales, bushels, pounds, tons, or whatever the unit of measurement should be?—A. From a tonnage standpoint?

Q. Any form of measurment of volume. I do not know what the proper measurement would be?—A. I believe our physical volume did increase but whether it increased to a comparable extent I am doubtful.

Mr. IRVINE: I think we ought certainly to know whether it increased or not because if the volume did increase it would seem there is no such heavy weight of responsibility to place on supply and demand as we may have been led to believe. If there were more goods on the market than in previous years and still the price went higher then somebody must have been going without for a long time.

The VICE-CHAIRMAN: I think everyone will agree with what you say, Mr. Irvine, and it is desirable to have knowledge of the physical volume as well, but I think that information might not lead to the same conclusion as that to which you have arrived.

Mr. MAYHEW: We would arrive pretty closely at the volume if you gave us the percentage of price increase and we could work back?

The VICE-CHAIRMAN: Yes, we could judge it by the difference in the value of the dollar in the two years. There may be figures contained in the document which will give us the information.

Mr. THATCHER: It would seem from the sheet that in 1947 on a smaller volume the company made a greater profit, compared with the years 1945 and 1946, when it handled considerably less produce. Would you account for that because of the fact the embargo was imposed?

The WITNESS: No, the embargo did not affect us to that extent.

The VICE-CHAIRMAN: I did not really intend to interfere with Mr. Monet's line of questioning to this extent.

Mr. FLEMING: I suggest, now that the point has been mentioned, Mr. Monet should follow it up and ask Mr. Stronach the reason for the volume drop in 1947 as compared with 1945 and 1946.

The VICE-CHAIRMAN: Mr. Fleming, now that we have this point of volume raised might we just bear it in mind and it will not matter whether Mr. Monet proceeds with the point immediately or comes to it later.

Mr. MONET: I would be very glad if the witness would answer.

The WITNESS: What was the question?

By Mr. Fleming:

Q. I wonder, Mr. Stronach, if you would comment on the fact that your total dollar sales in 1947 while substantially above the figure for 1939 are nevertheless considerably below the dollar volume of sales in 1945 and 1946. The statement shows a steady rise in your dollar sales volume from 1939 to 1945; there is a slight decrease in 1946, and then a substantial decrease in 1947? —A. I believe, Mr. Fleming, that was due to the fact that in 1945 there was a very high price on deciduous fruit, strawberries, raspberries, and that sort of thing, of which we handled quite a considerable volume. There was no ceiling price and the price of those commodities has since gone down.

Q. On a free market?—A. Yes, due to the available supplies being heavy.

Q. In that case the law of supply and demand did work in the direction of a decrease in price?—A. That is right.

(Mr. Mayhew took the chair.)

By Mr. Thatcher:

Q. I am interested in knowing how much profit in 1947 was attributable to the ceilings and the embargo being imposed?—A. It would have no great bearing in 1947 because it would only be a matter of five weks during which the embargo applied, and our yearly volume during that particular five weeks is quite low anyway. Our heavy volume is in about four months of the summertime.

Q. You would not say you made abnormal profits after the embargo went on, such as the profits made by the company which appeared before us yesterday?—A. No, no. Our increase would only be the difference between 12½ per cent calculated at the previous price and then calculated at the price in effect after the embargo was imposed.

By Mr. Fleming:

Q. Your commission rate has not changed at all?—A. No.

Q. It is a case of applying 12½ per cent to whatever the dollar volume of sales has been?

The ACTING CHAIRMAN: Was it not also a rather backward spring? In 1947 there was a short harvest and would that not account very largely for the reduction in your sales?—A. It had a great deal to do with them.

By Mr. Monet:

Q. Mr. Stronach, I note on this questionnaire that you have no figure under the heading "commissions earned" but that certainly does not mean you did not handle goods on commission, because most of your goods are actually handled on commission? I take it the sales and commissions are included in the total at the top?—A. That is right.

Q. I also notice the company has under the heading "miscellaneous", an amount of $4,889 in 1947, and for 1946 the figure is $2,863. What does that amount represent, the amount under "miscellaneous" in 1947?—A. That is chiefly rentals and interest on investments.

Q. Rentals on property which belongs to the company?—A. Yes.

Mr. PINARD: The same thing appears on statement 5 in the fourth column.

Mr. MONET: "Commissions and miscellaneous income".

The WITNESS: Yes.

Mr. PINARD: What does the amount represent again?

Mr. MONET: Revenue from rent and income on investments.

By Mr. Monet:

Q. You told us the building where you are located is owned by the company?—A. Yes.

Q. And that would account partly for the rentals?—A. Yes.

Q. I will ask you to look down at the figure opposite operating profit before taxes on income and I notice that your operating profit over the last three years has been quite steady, being $16,922 in 1947?—A. That is right.

Q. It has been quite steady over the last five or six years?—A. That is correct.

Q. On the last line of the same page I notice your gross profit on percentage of sales fluctuated from a low of 10·5 per cent in 1945 to 13·2 per cent in 1941?—A. That is correct.

Q. Then it came down to 12·3 per cent in 1947?—A. Yes.

Q. How do you explain the substantial rise between 1945 when it was 10·5 per cent, and 1946 when it was 11 per cent, and 1947 when it was 12·3 per cent?

Mr. FLEMING: Do you call that a substantial fluctuation?

Mr. MONET: Well 10·5 to 12·3 per cent on gross profit to sales is quite a substantial margin, in my opinion.

Mr. FLEMING: It is less than 2 per cent.

Mr. MONET: Yes, I know.

The WITNESS: I do not know how to explain it, Mr. Monet. In 1945 there was a volume of fruit on which there were ceilings placed and as the result of those ceilings the farmers were asking peak prices and we could not sell at 12½ per cent commission, or we could not take 12½ per cent commission. We were not allowed 12½ per cent under ceilings.

Mr. MONET: What was the amount allowed?

The WITNESS: I cannot recall. I do not know just offhand what it was.

By Mr. Monet:

Q. In other words, in 1947 you came back to the commission which in previous years had been 12½ per cent?—A. Yes.

Q. Which you were not allowed to make in 1945 and 1946?—A. That is right.

Q. And this commission in 1947 is comparable to the commission in 1940, 1941 and 1942?

By Mr. Pinard:

Q. May I interject? Your net profit in 1947 was much higher than in 1946 even if the percentage was lower. It was just 1·3 per cent higher in 1946. In other words your net profit of $9,200 in 1947 compares with $6,781 in 1946?—A. Yes.

Q. Would you care to give an explanation as to that?—A. I cannot explain the reason for it, Mr. Pinard, but I see it here. Taxes would make a difference.

Q. Yes, but you see the difference in percentage is simply 1·3 per cent and your net profit is much higher. It jumps from $6,781 to $9,200.

Mr. FLEMING: That figure is calculated on the gross profit.

Mr. PINARD: Yes, I know but the difference appears to me to be very high.

Mr. KUHL: Do you think the figures are wrong?

Mr. PINARD: No, no.

Mr. Fleming: There would not be any relation to the figure in this last line at all. The figure in the last line is percentage of gross profit to sales and that only relates to the first line.

Mr. Monet: Yes, gross profit to sales.

By Mr. Fleming:

Q. May I interject a question here. We have not been given a figure of the percentage net profit to sales, which I think would be rather illuminating. I was just making a calculation here and although I may be wrong, I find the percentage of net profit in 1947 was only 1·32 per cent?—A. I believe our net profit as a percentage of sales is 2 per cent.

Q. The figure $9,200 is applied to $696,000 which is about 1·3 per cent?—A. I will take your figures.

Q. In 1946 your percentage of net profit to sales is less than 1 per cent. In 1945 it is only a fraction of 1 per cent. It strikes me that you have done well to stay in business at all, working on this margin.

Mr. Thatcher: I do not think there is anything abnormal in the profits of Stronach & Sons and, unless the witness has something to add, I suggest that we call the next witness.

Mr. Monet: I agree with that.

Mr. Fleming: It is all very well for us to concentrate on a witness where there are big profits and to bring out that fact very clearly, but here is a firm doing the biggest business of its kind in Toronto and we find it has been operating on the narrowest kind of a margin. I think the percentage of net profit to sales is very significant. I think it is even more significant than the percentage of gross profit to sales when you find a firm like this averaging probably less than 1 per cent of net profit on its gross sales during this high period. It shows they have just been operating on an extremely narrow margin.

Mr. Thatcher: Is not our task to find out why prices are high and if a company is not taking a high margin why examine the witness. The firm which we examined yesterday was in a different position.

Mr. Fleming: I am not speaking about yesterday's evidence but I think it would be well for us to note that a big company like this has been operating on a very narrow margin during times when prices have been rising.

Mr. Irvine: You must of course remember this company is a commission agency and takes less risk than the company before us yesterday.

Mr. Monet: We were told this company was the most important commission agency in Toronto, but after receiving the questionnaire I came to the conclusion that they were operating at a very small profit. I thought even that fact would be interesting to the committee. It is impossible, however to make comparison with other dealers who operate differently. I have no further questions of the witness.

The Acting Chairman: I think Mr. Fleming is very fair in bringing this point forward and it shoud be called to the attention of the public. There is one point which I would like to bring out that the $9,200 profit on $696,000 contained other miscellaneous things, investment, and rent, which amounted to pretty nearly half of the profit of $9,000. The profit on the actual operation is less than $9,000 and actually amounts to about ½ of 1 per cent.

Mr. Fleming: That is in the best year.

The Acting Chairman: Yes.

Mr. Fleming: There is an interesting point here. If we go down the line we will see that in 1939 there is no net profit, if you take out the miscellaneous income. The miscellaneous income for that year was larger than the net profit. In 1940, if you take out the miscellaneous income there is no net

profit; in 1941 the same thing is true; in 1942 the same thing is true; in 1943 if you take out the miscellaneous income there would be a net profit of $300; in 1944 if you take out the miscellaneous income they would have no profit; in 1945 the net profit excluding the miscellaneous income would be about $800; in 1946 the net profit would have been about $3,900.

Mr. THATCHER: What are you trying to establish?

Mr. FLEMING: I am just commenting on the point which the chairman brings out and that is a substantial part of the net profit is derived from other income, rentals, etc.

Mr. THATCHER: That is agreed.

Mr. FLEMING: As a factor, the cut of the commission agent with respect to sales and net profit becomes more insignificant. Actually this company kept going on its rentals in some of those years and it was operating at a loss.

The ACTING CHAIRMAN: I think you also ought to look at the salary list.

By Mr. Pinard:

Q. I see the salaries have increased from $17,000 in 1939 to $37,000 in 1947. I see that operating expenses also increased from $19,412 to $31,418. I would like to have some comments as to why there was such a substantial increase in both those items.—A. I think you will find, Mr. Pinard, that our volume of sales in 1939 was $302,000 and with the increase in volume to $696,000 in 1946 our necessary labour to handle that tonnage of merchandise cost us more money.

Q. How many employees do you have?—A. The number varies. We have about eleven key men in the off-season—that is the wintertime—but then in the summer that staff must be augmented quite considerably to handle our volume which is then very high.

Q. Yes, but it is constant from year to year? You have approximately the same number of employees now as you had in 1939?—A. Well, the salaries are higher now than they were in 1939.

Q. Yes, but have you got about the same number of employees as you had in 1939?—A. No, I think we have more. I have not got the exact figures and I do not know offhand. Frankly, I do not know the number of employees we had in 1939 because I was then not so vitally interested in the business.

Q. Do you know the average salary paid to the employees—those who handle the produce?—A. The warehouse staff?

Q. Yes?—A. Not counting the sales force?

Mr. MCGREGOR: If you will check the item with respect to cost which was given yesterday you will find that it increased from $82,583 to $228,000 in the same period.

The ACTING CHAIRMAN: I cannot find anything to criticize with respect to this firm. I think it has done a remarkable service to the public for very little money.

By Mr. Pinard:

Q. I would just like an answer to my question?—A. I venture to say the average salary would be $40 a week.

Q. Now with respect to your operating expenses, they are listed now as being $31,418 as compared with $19,412 in 1939. Would you just comment on that and state what the increase represents generally?—A. We must hire extra trucks. We cannot carry, for our wintertime operation, the number of trucks necessary in the summertime. It would not be sensible to have a cartage system set up to do $150,000 worth of business a month when you are only doing $25,000 worth of business for six months of the year.

Q. I suppose the cost of repairs is much higher?—A. No, that factor is not so important, it is the cost of the trucks and the drivers that has increased.

By Mr. Thatcher:

Q. How much of the Toronto business is done by companies which are like yours, strictly operating on a commission basis, and how much is done by other companies similar to the one which appeared yesterday?—A. If I hazarded a percentage it would only be a guess. I could not tell you. I do not know about the people who do go out and buy from the farmer, and solicit shipments on consignment. Those goods are brought down to Toronto and sold in competition with us. Some of the produce is consigned and some is handled on an outright purchase basis.

Q. Do you think most of it is done by wholesale companies or by commission houses?—A. I think the bulk of the domestic deal is handled on commission.

By Mr. Monet:

Q. That would be to a firm like yours?—A. That is right.

Q. Do they have the same kind of operations in other provinces in Canada? —A. Oh, yes.

Q. They do have it in the other provinces?—A. Yes.

Q. Now, could you tell the members of the committee if a great proportion of domestic goods are handled in the other provinces by commission agents like your company?—A. No, I do not believe they are. I believe there is a certain percentage of commission trade in Ontario, that a bigger percentage of it is handled on a commission basis than in the other provinces.

Q. It is different in your area?—A. Yes, quite considerably different; and that is due to our proximity to the growing district.

Q. What about the Montreal market? Would you have any personal knowledge of that?—A. I would not.

(Mr. Maybank resumed the chair.)

By Mr. McGregor:

Q. I would like to ask Mr. Stronach how long they have been in business?—A. We have been in business since 1900.

Q. You probably have been in business too long to get on to the new way of doing business.

The VICE-CHAIRMAN: What is that?

Mr. MCGREGOR: I said they probably have been in business too long to get onto the new ways.

Mr. IRVINE: I think it might be advisable to raise that question again of volume and value, particularly assurance of volume.

The VICE-CHAIRMAN: You have been following that particularly?

Mr. IRVINE: I think we are just about through with this witness.

Mr. MONET: I am through with the witness so far as my questions go.

Mr. IRVINE: I would like to find out if possible if there had been any increase or decrease in the volume of business done by commission agencies.

Mr. MONET: Can you say that?

The WITNESS: I cannot break it down.

Mr. IRVINE: Could you give it to us later?

The WITNESS: I do not think I could. There would be no way of going back to find out what our tonnage was.

By The Vice-Chairman:

Q. Well, Mr. Stronach, would you be able to indicate at all accurately or to give us what you would consider to be a fairly close estimate, as to whether your volume as between 1946 and 1947, is up or down?

Mr. THATCHER: Wouldn't that be in their statement?

The VICE-CHAIRMAN: That is in dollars. I am speaking about volume.

By The Vice-Chairman

Q. What would you say as to that?—A. I would say that the tonnage probably is about the same and I think prices were a little lower in 1947 than in 1946.

Q. You would be inclined to think at any rate as well as you can recollect that the transactions of 1946 and 1947, were about equal in physical volume?—A. That is right.

Q. Would your memory carry you back to make a similar statement one way or the other with reference to the year before, 1945?—A. In 1945, I think supplies were lighter, tonnage was lighter.

Q. Tonnage was lighter?—A. That is right.

Q. And the physical volume in 1945, you think was less than it was in 1946?—A. 1946?

Q. And also less than it was in 1947?—A. Right.

Q. That is as far as you could go in telling us about volume?—A. Yes.

Mr. THATCHER: Then, why would your wages be higher when you have less volume?

The WITNESS: We had the same staff in 1945, when we were not able to raise wages on account of Wage Control Board regulations.

Mr. MAYHEW: That would be salesmen?

The WITNESS: Yes, salesmen and executives.

The VICE-CHAIRMAN: So there may be wage increases occurring and that would mean that you would have increased costs?

The WITNESS: That is right.

Mr. THATCHER: Mr. Chairman, I think it is pretty obvious that Mr. Stronach did not send the price of fruits and vegetables up in Toronto. I suggest we call the next witness.

Mr. IRVINE: But you were not sure that the other fellows did not do it.

The VICE-CHAIRMAN: If you are through with Mr. Stronach?

Mr. MONET: I am through.

The VICE-CHAIRMAN: Thank you very much, Mr. Stronach.

(The witness retired).

George C. Anspach, President of George C. Anspach Company Limited, 72 Colborne Street, Toronto, called and sworn:

By Mr. Monet:

Q. Now, Mr. Anspach, will you give us your full name, please?—A. George C. Anspach.

Q. And your address?—A. My residence address is 925 Avenue Road.

Q. And you are the President of the George C. Anspach Company Limited, are you?—A. Yes sir.

Q. Where is your head office?—A. 72-4 Colborne.

Q. That is in Toronto?—A. Yes sir.

Q. Would you please tell members of the committee when the operation of your company commenced?—A. The operation of this company, which was under Letters Patent from Clarke Produce and Fruit Company, commenced on March 21, 1938.

Q. And the fiscal year of the company ends what date?—A. The nearest Wednesday to the 31st of March.

Q. The 31st of March?—A. With the closest Wednesday to the 31st of March. Our business is done in thirteen four-week periods.

Q. Would you give the name of the officers of the company?—A. President, George C. Anspach, Vice President, R. W. S. Johnston, Secretary, Miss M. J. Buckley, Treasurer, R. T. Sleeman, Directors, Mrs. Bessie E. Anspach and R. G. Anspach.

By the Vice-Chairman:

Q. Is it so that this is a closely held stock, as it would seem to be?—A. This stock is all held by myself with the exception of qualifying shares for the officers of the company.

Q. You are the sole owner, these people only own one share each to qualify as officers?—A. That is exactly it.

By Mr. Monet:

Q. Is the company related to any other company? Is it a subsidiary of any other company?—A. No sir, it is not.

Q. Does your company own any subsidiaries?—A. No sir.

Q. Now, I understand that you operate a warehouse also; is that correct?—A. Yes sir.

Q. Does that belong to the company?—A. It is owned by the company.

Q. Fully owned by the company?—A. Fully owned by the company.

Q. Is it operated for company purposes only or is there rental space? —A. There is no rental space. It is operated for the company only.

Q. I understand you are a wholesaler?—A. I am a wholesaler and a commission merchant.

Q. In the fruit and vegetable business?—A. Yes sir.

Q. Now, would you describe to the committee generally the nature of your operations in fruits and vegetables?—A. We at all times try to have as much local merchandise as possible and are primarily interested in local merchandise but we fill in with imported merchandise, and by imported merchandise I mean merchandise which is not grown in Canada. One-third of our total volume is commission goods and two-thirds is purchases.

Q. When you say one-third is commission, do you refer there to the domestic goods or to all the goods you handle?—A. The only commission business we do is domestic.

Q. And when you say one-third of that is domestic goods handled by your company, you mean that is volume handled on a commission basis?—A. No, sir. I said that one-third of what we sell in volume. That is what I meant. One-third of our sales, if you like, is local merchandise on a commission basis.

Q. Well now, let us get this right; what proportion of your business is domestic and what porportion is imported?—A. Considering Canada as domestic?

Q. Yes.—A. That would make approximately 40 to 50 per cent Canadian and 50 per cent of the volume would be imported.

Q. Of this 50 per cent what amount would be domestic, what proportion would you handle on a commission basis and of that what proportion would you handle outright?—A. One-third of our total volume is commission and 50 per cent of our total volume is Canadian. The fraction therefore would be about 15 per cent. Somewhere in there.

Q. That is your answer, 17 per cent would be handled on a commission basis? —A. 17 per cent of the total volume.

Q. And the other 73 per cent would be purchased outright and sold for your own benefit—A. That is right. Yes, sir.

Q. Where do you buy domestic goods in general? How do you proceed? Where do you get them?—A. Domestic that we buy are such things as come from British Columbia, Manitoba and the eastern provinces. We buy them through brokers or their sales agencies. On local merchandise, the local produce around Ontario locally, we have a man contacting the growers at all times keeping them advised on the market and keeping them advised of what we need for the market, and such things as that.

Q. When you say keeping them advised of the market do you refer to goods you are handling on commission for them, or do you refer to goods you buy from the grower?—A. To all the goods we handle. Yes, sir.

Q. Your respresentative goes to the farmer and tells him what the goods are to be, what the price is on the market?—A. What the market is; we also keep in touch so as to know when we can expect local merchandise to arrive so that we can clean up on imported merchandise by the time the local merchandise is ready to go on to the market.

Q. And, talking about the market, how do you know what the market is? Where do you get your information from?—A. The market—the information we get is our own experience. By that I mean you have to gauge the supplies of the week or the month. What I mean by that is that on certain weeks there is a better demand for merchandise and you can ask a better price, and when the season is not so good, or when the demand is not so good you have to know that too. And, being commission merchants, it is our obligation under the Fruit and Honey Act to get as much by way of sale prices as is possible for the grower.

Q. And for that part of the goods you do not sell on commission, which you buy outright from the grower, how are you going to be able to tell them what the market price is?—A. I think, if I might interrupt, we are a little at cross purposes. As I told you, the local Ontario produce we don't buy unless in the case of things like potatoes and onions where storage is involved. We handle them on commission. Our policy has always been that we could not take Tom Jones' merchandise on commission and buy his neighbour Bill Smith's outright. That would not be fair to Tom Jones, to have him put his stuff on our floor on commission and go to his next door neighbour and buy his merchandise in competition.

Q. Then what you say is that all the domestic goods that you sell coming from the growers in the province of Ontario are all sold on a commission basis? —A. The biggest percentage of it, yes.

Q. So that the 35 per cent that you purchase outright are from the other provinces?—A. That is right. There are times, as I told you, in the case of onions and potatoes—those are items which the growers in Ontario do not care to sell on a commission basis. There is a little exception there at certain periods of the season, but very few of them are sold on a commission basis.

By The Vice-Chairman:

Q. Just a matter of interest, would you mind saying what your own experience has been with let us say potatoes?—A. Well, the mark-up on potatoes is as a rule very small. It is a highly competitive item. It is an item that the chain stores use—well, in my experience in chain stores, it is what we call a "bring-in" item.

Q. You mean, a come-in item?—A. Yes, a come-in item, or as we call it a bring-in item. Everybody uses potatoes, consequently there is a high degree of competition amongst the larger retail distributors of potatoes and onions than there are on other fruits and vegetables.

Q. I see.—A. And as a result the mark-up in the retail business is much lower and as a consequence the mark-up you get in the wholesale is correspondingly low.

Q. I spppose the farmer then is in this position, is he, with reference to potatoes; he knows that whatever price potatoes sell for it will not be greatly different under any circumstances in the first instance from what it will be if they are sold second or third, and he does not see that it is worthwhile to carry that risk for such a very small profit?—A. That is right. That is, under normal conditions. As the supply gets shorter and the price goes up he may then want to get more out of it. But then, of course, he gets more out of it too.

Q. And these remarks you have been making in respect to the way potatoes sell apply about the same to onions, do they?—A. That has been my experience.

Q. I see. I was just interested in knowing why they operate that way.

By Mr. Mayhew:

Q. Would there not be considerable loss through spoilage in onions and potatoes?—A. In onions there is a certain amount.

Q. But that would be in the early spring?—A. Yes, potatoes when they are too long in storage give you a little trouble when it comes along to the end of the season.

Q. And with respect to fruits and vegetables generally, there are some commodities on which there is a greater factor of loss than other?—A. That is right, but it is our duty as commission merchants to see that the produce is disposed of before there is any loss.

The VICE-CHAIRMAN: Or they won't come back to you?

The WITNESS: That is right.

By Mr. Mayhew:

Q. Could you give us any idea of the percentage of loss in specific quantities; of course, it would vary with different commodities.—A. It would vary with different seasons of the year, sir.

Q. Well, could you give us a figure on lettuce?—A. There is a bigger loss in lettuce. Then, you take in 1946, there was a tremendous overproduction of cauliflower. That is one item that I recall distinctly, that cauliflower was a glut on the market and the grower lost because there was not market for it. A lot of it had to be disposed of.

Q. If you have a big percentage of spoilage you would lose customers and they would send their produce to another dealer; isn't that so?—A. Yes, if there is an avoidable loss they are going to send it to another firm for sale; and you can't have that happen, you see.

By Mr. Monet:

Q. I understand that you also store goods sometimes during the course of the year?—A. We do and we don't. I mean by that, we rent storage space.

Q. You rent it?—A. We have no cold storage in our warehouse. We rent cold storage space in a cold storage warehouse to put in lettuce and stuff of that kind when we have an oversupply and when it looks as though it is going to take a few days to move it out; particularly if it looks as though in three or four days there will be a better demand for it, then we put it in storage and keep it there and bring it out a little later to dispose of when it is not disposed of on the day of arrival.

Q. Is it not a fact that to take care of the demand during the winter months you store certain quantities of domestic produce in the fall?—A. No, not in the fall.

Q. When do you do that?—A. We have a large section in our warehouse and as we bring in an over-supply of carrots, let us say, more than we can sell today, they are temporarily put in the basement until they move out.

Q. When you say bring in; there, of course, you are referring to goods that are brought to the grower by you to sell on commission?—A. That is right.

Q. Now, speaking about the 35 per cent that you purchase outside of the province—that is what I am interested in just now—is it a fact that you store certain quantities of those goods some time during the year so as to take care of the demand during the winter?—A. No, the only thing that we stored this year was B.C. apples.

Q. When did you store them?—A. We stored those in December.

By Mr. Thatcher:

Q. Did you ever export to the States vegetables such as carrots and so on?—A. Well, I can tell you this; we attempted to export potatoes to the United States once or twice.

Q. Has your company ever exported very much of these?—A. No, we did not export any.

By Mr. Winters:

Q. What happened in your attempt to export?—A. It was a very, very bad experience.

Q. In what way?—A. Well, the time I am speaking of we exported four or five carloads of potatoes. They were Canadian No. 1 certified when they left here. When you export potatoes, for instance, you export them on delivery basis, and when you deliver merchandise everything depends on the condition in which it arrives. When these potatoes arrived at their destination the market had taken a flop, wasn't as high as the price at which we bought them. There was considerable waste when they came to pick them over and they didn't have to accept them as Canada No. 1. The result was that we took a nice licking.

The VICE-CHAIRMAN: You do not want questions of this kind, Mr. Anspach, which recall bad experiences?

The WITNESS: Well, it was a bad experience, sir.

By Mr. Thatcher:

Q. But is it not true that last year a lot of these vegetables were exported?—A. That is true.

Q. And that would increase the shortage somewhat that we had here?—A. That is correct, yes sir.

Q. Which in turn would affect prices?—A. It was mostly carrots—

Q. Your company did not engage in that?—A. We did not, sir.

By Mr. Monet:

Q. Coming back to the storage goods, I do not know whether you understand me right there, Mr. Anspach, but I wanted to make this very clear. I understand, taken on a basis of November 17, I would like to be able to understand; at that time you did not have any stock of potatoes, onions, beets, carrots, apples or cabbage, goods purchased outright, belonging to you, stored to be sold to take care of demand during the following months?—A. I remember distinctly that our cellar was completely empty. However, I do believe we had three or four hundred bags of onions. That is the only item I recall on hand on November 17.

Q. Is it not a policy of your company, like the other witnesses who have been here, to store a certain quantity of commodities of the type I have enumerated to take care of the winter months, do you not put them in storage during September, October and November?—A. No, sir. As I told you once or twice before, our policy is to take merchandise on commission, not to buy.

Q. I know, but speaking of the proportion of produce you buy from outside of Ontario; doesn't that apply?—A. Those items that you mentioned do not come from outside of the province of Ontario as a rule.

Q. Let me make my question very clear, whether it comes from anywhere at all, in whatever form it is; did you or did you not on November 17, have a

certain quantity of supply of let us say onions, potatoes, carrots, cabbage or apples in your warehouse?—A. As I said—

Q. Belonging to you and to be sold outright for your benefit?—A. —the only thing that we had, I remember clearly, was these three hundred bags of onions, and some B.C. apples. They were the only items we had.

Q. What did you do as the price of onions increased; did you advance your price or did you sell them on the same basis as they cost you?—A. No, sir. We bought on the market. Whatever the market was, we followed it.

Q. On page 3 of your statement, you show that on November 14 the increased cost amounted to 2·5 cents.

The VICE-CHAIRMAN: Mr. Thatcher, may I break in for a moment?

Mr. THATCHER: You are interrupting me; but, of course, you can.

The VICE-CHAIRMAN: The reason I was interrupting you was that you yourself interrupted counsel who was just proceeding along on the side line of questioning. That was the reason.

Mr. MONET: That is not supposed to be before you yet.

Mr. THATCHER: The reason I brought that up was that he said he had these three hundred bags of onions.

The VICE-CHAIRMAN: Are we agreed to let counsel proceed?

Some Hon. MEMBERS: Agreed.

By Mr. Monet:

Q. So your company does not follow the same policy as that followed by the Ontario Produce Company Limited as far as storage goes?—A. No, sir, we haven't had that policy.

Q. To whom do you sell the lines of produce that we have been talking about just now, to the retailers?—A. To the retailers, to the wholesalers and to jobbers.

Q. You do not sell any of it to the consumer direct?—A. No.

Q. Do you deliver the goods you sell?—A. In the city, there are free deliveries around the city wherever they are required.

Q. Now, Mr. Chairman, I would like to refer to the questionnaire which has been prepared at the request of counsel by the company and which will be filed as Exhibit 107.

EXHIBIT 107: Statement filed by George C. Anspach Company Limited.

EXHIBIT 107

STATEMENT 1,
General Information.

PRELIMINARY INFORMATION—FRUIT AND VEGETABLE INQUIRY

1. Name of company: Geo. C. Anspach Co. Limited.

2. Address of head office: 72-4 Colborne St., Toronto, Ont.

3. Date commenced business: March 21, 1938.

4. Names and addresses of parent, subsidiary and affiliated companies:

5. Names and addresses of officers and directors or partners: President, Geo. C. Anspach, 925 Avenue Rd., Toronto, Ont.; Vice-President, R. W. S. Johnston, 81 Binscarth Rd., Toronto, Ont.; Secretary, Miss M. J. Buckley, 20 Roxboro W,. Toronto, Ont.; Treasurer, R. T. Sleeman, 2107 Yonge St., Toronto, Ont.; Mrs. Bessie E. Anspach, 925 Avenue Rd., Toronto, Ont.; R. G. Anspach, 2001 Bloor St., Toronto, Ont.

6. Location of branches, warehouses and other places of business (including those of subsidiary companies engaged in the fruit and vegetable trade):

Warehouse: 72-4 Colborne St., Toronto, Ont.
Summer Market: 20 Yonge St., Toronto, Ont.

GEO. C. ANSPACH CO. LTD.

74 Colborne St., Toronto, Ont.

AVERAGE SELLING PRICE

Date	Oranges Calif. 288	Apples B.C. 125-138 Delicious "C"	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported U.S. No. 1 washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
	$ cts.	$ cts.	$ cts.	$ cts.	cts.		cts.	cts.	cts.	cts.	cts.
1947											
October 2	5.00	N.A.	1.50 C	1.25 C	N.A.	.25 C	.038 C	N.A.	N.A.	N.A.	.025
October 9	5.25	N.A.	N.A.	N.A.	N.A.	.20 C	.044 C	N.A.	N.A.	N.A.	.027
October 16	5.25	N.A.	2.00 C	N.A.	N.A.	.20 C	.047 C	N.A.	.025 C	N.A.	N.A.
October 23	5.25	N.A.	1.88 C	1.25 C	N.A.	.19 C	.033 C	N.A.	.025 C	N.A.	.031
October 30	5.25	N.A.	1.86 C	N.A.	N.A.	.183 C	N.A.	N.A.	.022 C	N.A.	.027
November 6	5.25	N.A.	1.88 C	N.A.	N.A.	.225 C	.031 C	N.A.	.025 C	N.A.	.028
November 13	5.25	N.A.	2.07 C	1.33 C	N.A.	.25 C	.029 C	N.A.	.025 C	N.A.	.028
November 20	6.44	N.A.	N.A. C	1.25 C	N.A.	.313 C	.055 CC	N.A.	.038 C	N.A.	.04
November 27	6.27	N.A.	3.50 C	1.50 C	.037	.35 C	N.A.	N.A.	N.A.	N.A.	.045 C
December 4	5.50	N.A.	4.22 C	1.55 C	N.A.	.276 C	.05 C	N.A.	.04 C	N.A.	N.A.
December 11	5.25	N.A.	4.87 C	3.03 C	N.A.	.35 C	.05 C	N.A.	.045 C	N.A.	.045
December 18	5.25	N.A.	N.A.	2.73 C	N.A.	.39 C	.075 C	N.A.	.038	N.A.	.043
December 24	N.A.	N.A.	6.00 C	3.03 C	.031	.48 C	.112 C	N.A.	.04	N.A.	.04
December 31	N.A.	N.A.	7.00 C	1.95 C	.033	.30 C	.10 C	N.A.	.037	N.A.	.04
1948											
January 8	5.24	N.A.	5.93 C	2.00 C	N.A.	.34 C	.13	N.A.	.055	N.A.	.053
January 15	6.00	3.00	N.A.	3.75 C	.033	.35 C	.10	N.A.	.054	N.A.	.05
January 22	6.38	N.A.	5.15 C	N.A.	N.A.	.35 C	N.A.	N.A.	.052	N.A.	.055
January 29	6.46	3.13	6.53 C	2.00 C	.031	.345 C	.13	N.A.	.058	N.A.	.058
February 5	N.A.	3.13	N.A.	N.A.	.033	N.A.	N.A.	.049	.057	N.A.	.068
February 12	5.21	2.88	N.A.	N.A.	N.A.	N.A.	N.A.	.043	.06	N.A.	.07
February 19	4.63	3.13	N.A.	N.A.	.032	N.A.	N.A.	.040	.08	N.A.	.085
February 26	4.94	3.20	N.A.	N.A.	.033	N.A.	N.A.	.037	.09	N.A.	.08
March 4	5.09	3.50	N.A.	N.A.	.033	N.A.	N.A.	.036	.13	N.A.	.08
March 11	5.31	N.A.	N.A.	N.A.	.033	N.A.	N.A.	.043	.065	N.A.	.055
March 18	5.30	N.A.	N.A.	N.A.	.033	N.A.	N.A.	.048	N.A.	.088	.07
March 25	5.36	N.A.	N.A.	N.A.	.033	N.A.	N.A.	.049	N.A.	.087	.08
April 1	N.A.	N.A.	N.A.	N.A.	.033	.85 C	N.A.	.045	N.A.	.088	.085
April 8	N.A.	N.A.	N.A.	N.A.	.034	.90 C	N.A.	.071	.05	.086	.097
April 15	4.33	N.A.	N.A.	N.A.	.035	1.00 C	N.A.	.07	N.A.	.088	.10
April 22	N.A.	N.A.	N.A.	N.A.	.038	1.09 C	N.A.	.074	N.A.	.088	N.A.

GEO. C. ANSPACH CO. LTD.

LAID-DOWN COST OF MOST RECENT PURCHASES—IN CENTS PER POUND

74 Colborne St., Toronto, Ont.

Date	Oranges Calif. 288	Apples B.C. 125-138 delicious "C"	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported No. 1 washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
1947	$ cts.	$ cts.			cts.		cts.	cts.	cts.	cts.	cts.
October 2	4.38	N.A.	C	C	N.A.	C	C	N.A.	N.A.	N.A.	.02
October 9	4.99	N.A.	N.A.	N.A.	N.A.	C	C	N.A.	N.A.	N.A.	.025
October 16	4.99	N.A.	C	N.A.	N.A.	C	C	N.A.	C	N.A.	N.A.
October 23	5.31	N.A.	C	C	N.A.	C	C	N.A.	C	N.A.	.025
October 30	5.31	N.A.	C	N.A.	N.A.	C	N.A.	N.A.	C	N.A.	.025
November 6	4.50	N.A.	C	N.A.	N.A.	C	C	N.A.	C	N.A.	.025
November 13	4.26	N.A.	C	C	N.A.	C	C	N.A.	.027	N.A.	.025
November 20	4.51	N.A.	N.A.	C	N.A.	C	C	N.A.	C	N.A.	.025
November 27	5.31	N.A.	C	C	.031	C	N.A.	N.A.	N.A.	N.A.	C
December 4	4.42	N.A.	C	C	N.A.	C	C	N.A.	C.	N.A.	N.A.
December 11	4.10	N.A.	C	C	N.A.	C	C	N.A.	C	N.A.	.041
December 18	4.35	N.A.	N.A.	C	N.A.	C	C	N.A.	.035	N.A.	.041
December 24	N.A.	N.A.	C	C	.027	C	C	N.A.	.035	N.A.	.041
December 31	N.A.	N.A.	C	C	.031	C	C	N.A.	.035	N.A.	.041
1948											
January 8	4.17	N.A.	C	C	N.A.	C	.095	N.A.	.048	N.A.	.048
January 15	4.52	2.95	N.A.	C	.031	C	.10	N.A.	.048	N.A.	.048
January 22 RP	5.35	N.A.	C	C	N.A.	C	N.A.	N.A.	.037	N.A.	.048
January 29	4.26	2.95	C	N.A.	.031	C	.087	N.A.	.037	N.A.	.048
February 5	N.A.	3.05	N.A.	N.A.	.031	N.A.	N.A.	.043	.048	N.A.	.06
February 12	3.60	3.05	N.A.	N.A.	N.A.	N.A.	N.A.	.045	.07	N.A.	.06
February 19	3.95	3.05	N.A.	N.A.	.031	N.A.	N.A.	.034	.07	N.A.	.06
February 26	4.09	3.05	N.A.	N.A.	.032	N.A.	N.A.	.034	.06	N.A.	.07
March 4	4.31	3.15	N.A.	N.A.	.032	N.A.	N.A.	.033	.07	N.A.	.07
March 11	4.31	N.A.	N.A.	N.A.	.031	N.A.	N.A.	.032	.065	N.A.	.07
March 18	3.76	N.A.	N.A.	N.A.	.031	N.A.	N.A.	.032	N.A.	.085	.07
March 25	4.26	N.A.	N.A.	N.A.	.031	N.A.	N.A.	.043	N.A.	.085	.078
April 1	N.A.	N.A.	N.A.	N.A.	.031	C	N.A.	.050	N.A.	.084	.08
April 8	N.A.	N.A.	N.A.	N.A.	.031	C	N.A.	.064	.069	.084	.08
April 15	4.03	N.A.	N.A.	N.A.	.031	C	N.A.	.069	N.A.	.084	.085
April 22	N.A.	N.A.	N.A.	N.A.	.034	C	N.A.	.072	N.A.	.084	N.A.

STATEMENT 4—ANNUAL SALES AND PROFITS

GEO. C. ANSPACH CO. LIMITED

Fiscal Year End: March 31

—	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
	$	$	$	$	$	$	$	$	$	$
Sales	546,188	780,799	1,159,625	1,158,888	1,305,850	1,703,448	1,963,972	2,616,199	2,392,604	2,124,471
Cost of sales	518,381	739,173	1,102,283	1,107,702	1,221,529	1,600,143	1,854,203	2,496,907	2,255,630	1,961,644
Gross profit	27,807	41,626	57,342	51,186	84,321	103,305	109,769	119,292	136,974	162,827
Commissions earned	22,018	26,918	31,830	40,609	46,451	64,137	68,626	96,233	100,479	104,236
Miscellaneous income	2,750	3,913	3,766	4,541	4,382	4,826	6,630	7,156	8,108	7,544
Gross revenue	52,575	72,457	92,938	96,336	135,154	172,268	185,025	222,681	245,561	274,607
Executive or partners' salaries	9,990	11,070	14,370	9,550	4,699	4,718	6,829	7,468	7,501	16,045
Other salaries and wages (include commission to salesmen)	17,314	25,319	30,724	39,077	48,204	58,124	56,575	76,691	95,173	93,900
Other operating expenses	24,252	33,808	43,824	45,094	63,260	81,804	92,408	118,127	126,981	130,033
Total expenses	51,556	70,197	88,918	93,721	116,163	144,646	164,812	202,286	229,655	239,978
Operating profit before taxes on income	1,019	2,260	4,020	2,615	18,991	27,622	20,213	20,395	15,906	34,629
Investment income	32	232	175	285	208	428	942	1,148	121	193
	1,051	2,492	4,195	2,900	19,199	28,050	21,155	21,543	16,027	34,822
Interest paid	242	478	1,528	1,679	1,807	1,779	3,915	3,415	3,337	1,982
Profit before taxes on income	809	2,014	2,667	1,221	17,392	26,271	17,240	18,128	12,690	32,840
Provision for taxes on income	140	553	1,136	600	8,904	11,000	7,126	7,500	5,148	13,048
Net profit	669	1,461	1,531	621	8,488	15,271	10,114	10,628	7,542	19,792
Per cent gross profit to sales	5·1%	5·3%	4·9%	4·4%	6·5%	6·1%	5·6%	4·6%	5·7%	7·7%

STATEMENT 5—MONTHLY SALES AND PROFITS

GEO. C. ANSPACH CO. LIMITED

Month	Sales	Gross profit	Percent gross profit to sales	Commissions and miscellaneous income	Operating expenses	Operating profit
	$	$	%	$	$	$
1946—January 30	184,868	6,555	3·5	3,082	16,245	−6,608
February 27	203,065	17,722	8·7	2,412	15,205	4,929
March 27	229,985	−5,996	−2·6	3,084	14,909	−17,821
April 24	281,847	14,660	5·2	3,448	16,178	1,930
May 22	306,661	17,201	5·6	6,563	16,639	7,125
June 19	239,700	4,869	2·0	9,822	18,814	−4,123
July 17	306,099	21,195	6·9	13,519	18,648	16,066
August 14	188,859	1,205	0·6	17,697	19,357	−455
September 11	108,572	4,723	4·4	15,378	19,656	445
October 9	82,509	−5	.....	10,434	17,510	−7,081
November 6	129,575	5,414	4·2	7,581	17,557	−4,562
December 4	130,482	4,127	3·2	8,896	14,525	−1,502
December 31	115,970	5,669	4·9	5,346	22,471	−11,456
	2,508,192	97,339	3·8	107,262	227,714	−23,113
1947—January 29	151,664	15,547	10·3	4,155	18,280	1,422
February 26	149,251	12,483	8·4	2,798	13,754	1,527
March 26	201,415	29,888	14·8	2,950	12,267	16,571
April 23	247,205	18,531	7·5	3,275	17,024	4,782
May 21	303,725	22,180	7·3	5,364	18,514	9,030
June 18	226,363	12,211	5·4	8,081	19,124	1,168
July 16	253,692	11,752	4·6	16,318	21,775	6,295
August 13	160,662	14,900	9·3	19,565	20,607	13,858
September 10	107,250	12,325	11·5	12,673	21,353	3,645
October 8	110,687	−9,190	−8·3	10,929	18,773	−17,034
November 5	110,243	8,166	7·4	8,769	17,426	−491
December 3	148,689	30,476	20·5	8,271	18,234	20,513
December 31	90,110	−3,497	−3·9	6,448	16,443	−13,492
	2,260,956	175,772	7·7	109,596	237,574	47,794
1948—January 28	99,073	2,520	2·5	4,108	16,297	−9,669
February 25	123,246	19,348	15·7	3,263	16,130	6,481
*March 31	143,525	23,105	16·1	4,718	20,068	7,755
	365,844	44,973	12·3	12,089	52,495	4,567

* 5 week period.
— Loss.

The VICE-CHAIRMAN: That is the answer to the questionnaire?

Mr. MONET: Yes.

By Mr. Monet:

Q. Now, Mr. Anspach, will you look at this document which has been filed as exhibit 107, and which has been prepared by you; and I take it that we can accept that as being the answer made by your company?—A. Yes.

Q. Now, for the same reason that was given in the examination of the Ontario Produce Company Limited I would ask members of the committee to refer to statement 4, which shows the annual sales and profits of the company over the past nine years and for the three months ending March 31, 1948; and, as before, your attention will be drawn to certain key figures which will assist in the understanding of other statements which will follow. Mr. Anspach, would you give the total dollar sales of your company for the fiscal year ending March 31, 1939?—A. $546,188.

Q. Would you give the same information for the fiscal year ending March 31, 1948?—A. $2,124,471.

Q. So that for the last fiscal year, your sales over 1939 have increased by approximately $1,500,000?—A. That is right.

Q. I see by this statement that your commissions earned have also substantially increased during the same period, that is from $22,018 to $104,236?—A. That is correct.

Q. Would you tell the members of the committee what dollar volume is represented by the commissions earned by you during the yast year?—A. $991,000.

Mr. FLEMING: Would you give that figure again?

The WITNESS: $991,000.

By Mr. Monet:

Q. That is the volume represented by the commission?—A. The selling price of the merchandise handled on commission.

Q. We see that the volume of fruits and vegetables handled in your last fiscal year was a little over $3,000,000?—A. That is right.

Q. We will look at your operating profit before taxes on income, in the middle of the page. Would you tell the members of the committee what your operating profit before taxes on income was for 1939?—A. $809.

Q. And in 1947?—A. $32,840.

Q I think we are talking about different items. I am talking about the operating profit before taxes?—A. I beg your pardon, sir. The figure is $1,019 for 1939, and $34,629 in 1948.

Q. And in 1947?—A. $15,906.

Q. Would it then be a fair statement to say that from examination of the figures which you have just given we can infer your business has grown over the past few years, and your profit in proportion has increased even more substantially?—A. Yes, I think the picture shows that.

Q. To quite a large extent?—A. That is right. That situation is due to conditions which I could mention. In 1939, 1940, 1941, and 1942, I was a partner of the firm of McCart Brothers, Fruit Company and I had nothing to do with the operation. In the fall of 1941 I bought out their interests and changed the name of the company to George C. Anspach Company Limited and the first full year of operations of that company was 1943—that was when I was manager and had complete charge of the business.

Q. It was the same business?—A. Yes, but it was under different management.

Q. You took full control?—A. Yes.

Q. From these figures it would appear the management was far superior?—A. I thought so, myself.

Mr. MAYHEW: Are we not dealing with figures which are slightly different? Should we not go back to 1938 rather than only to 1939, and 1948 should be referred to really as 1947. There are only three months of the year 1948 represented in this figure and there are nine months of 1947 represented.

Mr. MONET: Yes.

Mr. MAYHEW: These dates are really different as far as our previous evidence is concerned?

Mr. MONET: Yes, but later you will be given the sales for each month of 1947.

The WITNESS: There is one comment I would like to make here. These 1948 figures must be taken as interim figures. Our fiscal year ends on March 31 and these figures have not been verified. We think they are approximately correct and the auditor has done the work, but they are not audited figures and there may be some variation when the auditors are through.

Mr. MAYHEW: The 1947 fiscal year ended last March?

The WITNESS: Yes, with only three months of 1947.

By Mr. Monet:

Q. That is why I asked for the monthly sales and you will find that the next statement will give the full story for 1947 and the three months of this year. Under the heading "executive or partners' salaries", I notice that in 1947 the salaries were $7,501 but in 1948 the figure is $16,045?—A. Yes.

Q. Is that correct?—A. Yes, that is correct.

Q. Has the number of partners or associates increased during the last year?—A. No, sir.

Q. There is the same number?—A. Yes, sir, it is only one.

Q. Only one?—A. Myself.

Q. So this increase in salary refers to your salary increase?—A. That is right, yes.

Q. From the answers you have given and from an examination of these figures, Mr. Anspach, would it be fair to say your company in 1948 had by far the best year since your operation started?—A. That is right.

Q. By a very large margin?—A. That is right.

Q. Would it also be correct to say that was true in spite of the fact that your sales in 1947 were slightly lower than they were in 1946?—A. That is right, sir, yes.

Q. How do you account for that?—A. In 1947 we ran into a lot of difficulties in operation. Ceilings were removed on import goods in the United States and they were not removed in Canada. That caused a great deal of trouble when we were bringing in goods. About the 20th of August, 1947, in the city of Toronto there seemed to be a curtain come down on business. It was a very good, fast, business and things were moving along very nicely until on that day this curtain came down and business was held for months. When you come to the monthly figures you will see that we took quite some lacings for one reason or another, and that is one of the big reasons why, in 1948, we seemed to have better luck with our merchandise.

Q. Prices were higher too?—A. Somewhat higher, yes.

Mr. MAYHEW: I find it very difficult to follow what you have said on account of the fact the figures differ, and when you speak about 1947 you are really speaking of 1946.

The WITNESS: I beg pardon, 1946, sir. I mean the fiscal year ending March 31, 1947. It is really 1946 business and I was referring to August of 1946.

By Mr. Monet:

Q. Mr. Anspach, on the last line of statement 4 you have indicated your gross profits to sales. Would you tell the members of the committee what this profit was in 1947?—A. The year ending March 31, 1947 the profit was 5·7 per cent.

Q. And what was it for the year ending March 31, 1948?—A. It was 7·7 per cent.

Q. The increase was exactly 2 per cent?—A. That is right.

Q. Would you consider that increase on the amount of business you have done is a substantial increase?—A. No, I would not consider it substantial. I would consider the 5·7 was very low and I would say that we were skating on thin ice on the amount of business we were doing when we had only that small profit. We were not justified in being in business. We could have been into red figures very easily.

Mr. THATCHER: As Mr. Monet pointed out, your salary figures jumped 2½ times and that would make your net figure a lot less?

The WITNESS: No, sir, that figure has nothing to do with salary, that gross profit is to sales and has nothing to do with salary.

By Mr. Monet:

Q. If you will look at this last line, Mr. Anspach, we see that the increased gross profit of 7·7 per cent is the largest which you have had?—A. Yes, it is 2 per cent larger than 1947 but I do not consider it an exorbitant mark-up for the risk on volume.

Q. From 1939 to 1948 you have kept on taking the risk?—A. Yes.

Q. You were willing to take the risk and you kept on taking it?—A. Yes, but Mr. Monet, and gentlemen, in 1939 there was a business starting up without any foundation or any background, starting on a shoestring, and certainly the efforts that we have put into the company during the years should show some return.

Mr. FLEMING: The company just kept its head above water for the first four years of its existence. It was only in 1943 that you began to show any profit at all?

The WITNESS: That is right, sir.

Mr. THATCHER: Is it hard to know what this profit was if we do not know what the investment in the business was? It might not be a fair picture as it is here.

Mr. MONET: Could you answer that question?

The WITNESS: Do you want the investment for the last year or the investment in the first year?

By Mr. Thatcher:

Q. What is the net investment for the past year?—A. For the year ending March 31, 1947—

Q. 1948?—A. I have not got that.

Q. 1947 will be all right.—A. The auditor's report is not here for the year ending 1948 but it was $75,164.40 for the year ending March 31, 1947.

Q. And what was your surplus for 1948 so that we may bring the figure up to date?—A. $19,722 was the surplus after taxes.

Q. Your investment at the year end would be $95,000. Did you leave the whole net profit in the business?—A. Yes, sir.

Q. Then the percentage you made on your investment is slightly over 20 per cent—that is your net profit as related to your investment is a little over 20 per cent—and that is quite a substantial profit. I would not say, as did Mr. Fleming, that you are on the verge of operating for nothing.

Mr. Fleming: I said that for the first four years, until 1943, the company was just breaking even.

Mr. Pinard: What was the investment in 1939?

The Witness: $17,384.04.

Mr. Fleming: What does that figure represent?

By Mr. Thatcher:

Q. Mr. Anspach, this last year you jumped your salary from $7,000 to $16,000 and you still made 20 per cent on your money?—A. Yes, sir, but with the volume handled and with the very small salary that I was forced to take in building up the business and getting it into a paying position, averaging the salaries over those periods, the salary for the effort is not high in my estimation.

Q. I am not disagreeing with you but I am just saying that you had a pretty good year?—A. Yes.

Mr. Pinard: You reduced your salary in 1943 and 1942 by half?

The Witness: The reason was that there were three partners in 1942 and I took over alone in 1943.

Mr. McGregor: Would you explain the difference between the salaries from the start?

The Witness: In 1939 there were three of us who started the business, two McCart brothers and myslf. That figure of $9,900 represented $3,330 each. The next year we increased it a trifle and we did the same in 1941. In 1942 they left the business on the 1st of November, from that time until the end of 1942 there was only myself. From there on it was just my own salary, sir.

By Mr. Fleming:

Q. Mr. Anspach is the wholesale business or is the commission business the more profitable over a period?—A. Personally, and I own the business, I love the commission end of it. I have a man to run the other business—the importing business—and I keep in touch with it but it is the bartering, and the long hours which I have put into it which I suppose makes me like the commission business. As far as profit goes there are times when the importing business is more profitable than the commission business and there are other times when the commission business is the more profitable. On the whole the commission business is the more profitable.

Q. What was your experience in that respect during the fiscal year ending March 31, 1948? I think you will see the gross profit in that year from sales was $162,827 but commissions earned were $104,236. However, there is no figure given for the relative cost of the operation?—A. A while ago I gave you the value of the local merchandise sold on commission which was $900,000.

Q. Yes, $991,000?—A. That $104,000 is the profit on the $991,000. The $162,827 is the profit on $2,124,000.

Q. The answer is that on a percentage basis the commissions paid you better in relation to the total dollar volume?—A. The expenses in connection with handling the commission goods were higher than those for the imported goods.

Q. I do not know that it matters very much but it might be of interest in approaching the statements of other companies, to know whether it is possible to isolate the net figures on the two operations. Are your books set up in a manner which would give us that information?—A. No, not as far as expenses go. The only thing we can isolate is the gross profit. It would be practically impossible, and it would be impractical, to isolate the expense figures.

Q. Looking at statement 4 and trying to form a conclusion from it, what you have given us is the picture of a company which came into existence about ten years ago and for the first four or five years of its existence it just about broke even.—A. Yes.

Q. Since that time you have indicated you have nursed it along and you are beginning to show a profit. Have you ever paid a dividend?—A. No, sir, every cent of the money earned is in the business today with the exception of the salary which I have drawn out.

Q. Have you related your total net profit, in the eleven years of operation to your capital employed in that period?—A. No, I have not done that, sir.

Q. It would be rather interesting to do that. I was thinking of Mr. Thatcher's figures with respect to 1948 and I would just like to see the whole picture for the eleven year period?—A. I will endeavour to prepare that during the lunch hour and have it ready when we come back. There is one comment I would like to make. In the years during which I have operated the business I would like to mention the hours I have put into it. That salary would be a very small salary I think. I am on the job at 3.30 in the morning in the summertime and I stay there until 8.30 at night. I am on the telephone from 8.30 to 10.00 and I am back on the job the next morning at 3.30.

Q. You are almost as badly off as a member of parliament?—A. That is the fruit business as I see it. If you are going to handle Canadian Producers' merchandise in an intelligent and profitable manner for him and for yourself you must operate in that way.

By The Vice-Chairman:

Q. Would you make a comment as to your customers or your principals—those for whom you sell on commission? Is the personnel which you represent a personnel which has stayed with you over a long period of time or is your body of principals changing very much?—A. There is naturally a change all the time.

Q. Have you customers who have stayed with you a long time?—A. Lots of them have been with us since I have been in business.

Q. That would not be so, I presume, unless you had been of service to those producers?—A. That is the way I take it.

Q. You draw the inference that they like you because of the way you handle their business?—A. Yes, sir, and I feel my results, as shown on this sheet, bear out the statement.

Q. That is that you have the same principals dealing with you that you used to have?—A. Yes, sir, a considerable number.

Q. When you get a high price it is a growers' high price?—A. Yes, sir.

Q. Generally speaking, the grower does not object to high prices—Mr. McCubbin tells is that anyway?—A. Only twice in my ten years' experience have I been complimented by a grower for getting the highest price. Generally the grower thinks the price should be even more. When we came to the highest tomato deal then two or three said that the commission men were getting too much.

Mr. Monet: Some of the growers told you you received too much on hothouse tomatoes?

The Witness: Yes, but the next time if the price was lower we just would not get the tomatoes.

The Vice-Chairman: Even city men on this committee feel the grower does not get too much and they agree that he is a pretty hard working man.

The Witness: Mr. Chairman, you must say this for the grower. Unless you get high prices at the beginning of the deal the grower cannot take the low price which prevails at the end of the deal and stay in production. He has got to have those high prices to bring up the average. In any deal which I have seen there is bound to come a low spot that will bring that average down to where he has got just a bare living and cost of operation. There are certain operations where there are extra profits but they will not carry the price all the way through and it seldom happens—unless there is a frost or something like

that which may cut down the production of peaches. If production is low the price will be high and it helps to keep the grower on the right side of the ledger.

By Mr. Mayhew:

Q. If you were taking all the risk and the losses, that is the risk of loss of quality, drop in prices and the risks generally, what mark-up do you think you would have to have in order to bring about the same result you have shown here?—A. I would say I would have to have on an average approximately 16 per cent.

Q. As against 12½ per cent?—A. That is right.

Q. That would give us some indication of what the average loss would be on these various operations.

By Mr. McGregor:

Q. With regard to the purchase of oranges, you purchase them outright and you do not handle them on commission?—A. No, sir.

Q. When you buy oranges are they practically all bought on a certain date at the same price, or are there variations in price?—A. There may be variations in prices. There is a variation in price and Sunkist is the standard.

Q. What does 288 mean?—A. That is a size, and it is not a quality.

Q. It does not refer to quality?—A. No, sir. Sunkist is the first quality, and that is the regulating price. Then you have choice, and you may have sub-choice; then you have American Fruit Growers—what we in the trade know as the independent shippers. The independent shippers are from 25 cents to 35 cents a box less than standard Sunkist price.

Q. When we check over the list and see some commission men have bought 288 oranges at less than others, there might be a difference in the quality of the oranges?—A. Yes, a difference in quality or a difference in the shipper.

The VICE-CHAIRMAN: It is very close to adjournment time, and I just want to say that the orange question will be referred to a little later, in the regular course of our proceedings, in case you have further questions to ask. Counsel is going into that subject after lunch.

The meeting adjourned to meet this afternoon at 4.00 p.m.

The committee resumed at 4 p.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: Order.

Mr. THATCHER: Mr. Chairman, just before the meeting proceeds, I have been wanting for two or three days to make a motion. I do not know just the proper way to do this. I would like this to be considered, if it is within the rules, today as a notice of motion. I ask that for this reason, that I hope members will look it over for a day before they say yes or no. If I might just make a few explanatory remarks before I move my motion, Mr. Chairman, this committee has been sitting now for a little more than three months and we have been trying to find out the reasons for the high cost of living and methods of getting it down. Nevertheless, during all that time we have seen the cost of living continue to go up. During its deliberations it seems to me the committee has found definite evidence of abnormal and excessive profits made by many business firms. Now, I think this continued newspaper publicity to the effect that the committee is not getting anywhere is not justified, and I say that it is not serving any good purpose. It seems to me that members of this committee have been putting in four hours a day and two or three extra hours looking up evidence, and it seems to me they are finding very sufficient evidence and very definite evidence as to why prices are going up. I think most businesses are naturally taking advantage of shortages to make the most

possible profits. I am not saying that I would not do the same thing. But that is what the committee has found. Ordinarily we would expect competition to bring prices down; but, today, because of world-wide shortages competition is not functioning properly; and what I am afraid of is that when the Marshall Plan comes into effect in another month or so prices are going to go higher than ever. Now, you will remember, Mr. Chairman, that when this committee was set up the Prime Minister stated he hoped that the glare of unfavourable publicity—I think those are the words he used—would force prices down. I feel that that hope has proven futile; and I think it is obvious that while this committee is doing valuable work—and I cannot emphasize that too strongly—in spotlighting abnormal profits and methods, it cannot hope to achieve its objective of lowering the cost of living, and I do not think we can hope to see that achieved until the supply of merchandise gets back to something near normal. I think unless some immediate action is taken we are facing serious inflation in this country. I think it is only fair to say that there are, as everyone knows, a great many difficulties in the way of putting back controls; and I think it is only fair to them to give the Canadian people an opportunity to say whether they want controls back again, and we must include with that, they must realize that with that there is involved some measure of wage controls. It may be that a majority of the people of Canada would not favour such a program, but I believe the most of them would. So, therefore, today I would like to suggest this to the committee: that a nation-wide plebiscite be held to find out the wishes of the Canadian people. I hope the members will not turn it down automatically without thinking it over. On reflection I think they would be inclined to accept the motion of which I now give notice. If I might just read my motion, Mr. Chairman:

> Whereas, the chief purpose of the Price Spread Committee is to study reasons for the high cost of living, and at the same time methods of lowering it;
>
> And whereas, the cost-of-living index has continued to rise even as the committee has been sitting;
>
> And whereas, there are indications that the European Recovery Program will cause additional merchandise shortages in Canada and even higher prices;
>
> And whereas, the deliberations of this committee have shown beyond reasonable doubt that, due to abnormal world conditions and demand, regular competition is still not functioning to keep prices down
>
> I move that this committee immediately ask the House of Commons to extend the committee's terms of reference, in order to enable it to recommend—
>
> That a nation-wide plebiscite be held which would allow the Canadian people themselves to decide whether or not they wish the return of prices and related controls, until abnormal post-war shortages are ended.

I move, Mr. Chairman; seconded by Mr. Irvine; but I would ask that you do not put the motion to a vote until tomorrow.

The CHAIRMAN: I may say first of all with regard to tomorrow that our two counsel have a matter of very considerable importance in connection with textiles and they will want to be free tomorrow and Monday, so I would not be putting it tomorrow.

Mr. THATCHER: Could I move then that it be not decided until Tuesday. I do not think it should be disposed of by an immediate vote, but rather that members should have an opportunity of looking it over and considering it for a day at least.

Mr. FLEMING: I suppose members of the committee can decide whether they want to take that time. After all, the mover his put his motion.

Mr. PINARD: Mr. Chairman, I think this motion is out of order. The members of the committee will notice, in the first place, that this committee, the same as any other committee, is subject to the rules, and the rule governing committees is that a committee is always supposed to stay within the exact terms of its reference; and, as you all know, there is no power in our reference to move a motion of this kind which involves a recommendation. That is not what we are here for. We are here to investigate the reasons for the recent rise in the cost of living. I do not see any reason why we should make a special report and ask for powers to recommend this particular thing. You see, the effect of this motion would be a direction to the government to proceed in a certain way. I suggest, Mr. Chairman, that that is going a great deal further than this committee has any right to go, and I think the motion is out of order.

Mr. IRVINE: Mr. Chairman, I would like to point out that I think Mr. Pinard did not notice exactly the wording of that motion. Have you got it there? It says, "that this committee immediately ask the House of Commons to extend the committee's terms of reference, in order to enable it to recommend—" in order that it might make a recommendation. Now, that is surely always in order, Mr. Chairman. The committee may not wish to have that power, but I think it is certainly within the powers of this committee to ask for further powers. If that is so, this motion is not out of order.

Mr. FLEMING: Would you read the purport part of it again?

The CHAIRMAN: After the whereases.

Mr. FLEMING: I think there is something in what Mr. Irvine just mentioned.

The CHAIRMAN: It is not necessary to read the whereases.

The operative clause of the resolution reads:

> I move that this committee immediately ask the House of Commons to extend the committee's terms of reference, in order to enable it to recommend—That a nation-wide plebiscite be held which would allow the Canadian people themselves, to decide whether or not they wish the return of price and related controls, until abnormal post-war shortages are ended.

Mr. THATCHER: My point is, Mr. Chairman, I think this committee in its deliberations has discovered perhaps the main reason why prices are going up, but now we have to do something about getting them down, and we have not at the present time sufficient power to enable us to do that. For that reason I think we should ask parliament to increase our powers.

Mr. PINARD: But may I point out to my honourable friend that we are not here to bring prices down. We are here to investigate as to why they went up.

Mr. THATCHER: And when we have found that out what are we supposed to do then, Mr. Pinard?

Mr. PINARD: We are here to report from time to time to the House in accordance with our terms of reference. It is then up to the House to decide what to do with our report.

Mr. THATCHER: But are we not really wasting our time if we are not going to be able to do anything about it?

Mr. PINARD: We are to find out first what the increases were and what the cause of those increases was. Then I think this committee should leave it to the House to decide as to what action should be taken.

The CHAIRMAN: May I suggest that we address ourselves to the point of order. Mr. Pinard raised a point of order and I entertain discussion on that, not on the merits of this resolution but as to the point of order that he has raised; that it is not within the powers of the committee as they are now.

Mr. IRVINE: I have a little comment to make with regard to that. While I know that it is not within the powers of this committee to recommend to the House of Commons that we either have a plebiscite or anything else on the cost

of living or high prices; but I think it is within the powers of this committee, and that it would be perfectly in order for us to ask parliament to extend the powers of the committee so that it may make recommendations whether they happen to be one such as was proposed by Mr. Thatcher, or of any other kind.

The CHAIRMAN: That is not what the resolution says, Mr. Irvine. It says, shall have power to recommend a particular thing.

Mr. IRVINE: Well, that is the principle; but that is the kind of particular thing that Mr. Thatcher wanted to move, or that I might want to move or that you might want to move in the steering committee, and you would have no more power of making such a motion than we have without asking parliament to extend the scope of our terms of reference.

Mr. PINARD: It was on account of the fact that it would change the terms of reference to this committee that I hold the motion is out of order.

Mr. IRVINE: I recall that when the debate was on in the House I think it was the Prime Minister who said in his remarks that later on if the committee find it required other powers it could ask parliament for them.

The CHAIRMAN: There is no doubt about it that the Prime Minister did say that.

Mr. IRVINE: Yes.

The CHAIRMAN: What I am pointing out is, this particular resolution does not ask for the power to recommend; it asks for the power to recommend a certain thing, that a certain thing be done.

Mr. McGREGOR: Do you not think it would be a logical thing to do for this committee to get on further with their investigation and find out whether the cost of living is going up or not? I would suggest that this motion would be in order if this committee were through, or somewhere near being through; but we haven't got that information, and at the present time the committee is only about half way through with its investigation and I do not see any sense of asking for such a drastic thing as this; because, after all, I wonder if they have considered what it is going to cost to hold a plebiscite in this country for this purpose. We are talking about saving money, that is certainly not saving public money.

The CHAIRMAN: When you said, Mr. McGregor, that we are half way through with our investigation, I think you are optimistic.

Mr. THATCHER: Mr. Chairman, I ask that this committee—

The CHAIRMAN: We are on a point of order, gentlemen.

Mr. THATCHER: I asked that this be taken as notice today, because I think it is of sufficient importance—

Mr. FLEMING: No, that cannot be done now. It has been moved by yourself and seconded by Mr. Irvine and the matter is now before us.

Mr. THATCHER: I stated at the beginning that I would ask the committee to defer action on the proposed motion for at least a day.

Mr. IRVINE: Mr. Thatcher may wish now that he had put it forward as a notice of motion, but the fact of the matter is that it was put forward as a motion moved and seconded, and I think it ought to be disposed of, and here you have spoken to the motion. I suggest that the chairman dispose of this point of order, because if the motion is in order I would like to say something on the merits of the resolution.

The CHAIRMAN: And what have you to say on the point of order, Mr. Fleming?

Mr. FLEMING: I have nothing to say on the point of order. I think we should have your ruling on it as to whether or not it is in order.

Mr. IRVINE: I would like Mr. Fleming to be kind enough to express his view as to the point of order. If this is out of order we do not need to discuss it. I do not think it is out of order. I would like the opinion of honourable members on that.

The CHAIRMAN: I would tell you, Mr. Irvine, if I am to give my opinion on this. If the resolution had been worded differently—the point as I see it, you are asking that we go to parliament and ask for the power to recommend a particular course at the present time. Now, that is an ingenious way of assuming that that power already existed, to recommend that very thing.

Mr. THATCHER: I don't just follow you there, Mr. Chairman.

The CHAIRMAN: Let us not argue on it before I make my ruling, but I am just suggesting the way my thinking is going at the moment.

Mr. BEAUDRY: On the point of order, Mr. Chairman. While the reference was being discussed in the House it was the subject of very considerable discussion, and final approval of the terms of reference to this committee took the form of a very definite vote; and at this time it seems to me that a motion from this committee to the House suggesting that the terms of reference be enlarged or be altered or be considerably modified would entail almost a negation of the decision made by the House at the time of the appointment of this committee, something which is very definitely contrary to the rules of the House. So, therefore, I am very definitely of the opinion that this is out of order.

Mr. THATCHER: Mr. Chairman, did the Prime Minister not say that if we found this committee did not have teeth in it that we could go back to parliament?

The CHAIRMAN: There is no doubt that the Prime Minister did say that if the committee felt at some stage in its proceedings that it wanted to have power to recommend it could go back to the House and ask for that power.

Mr. THATCHER: Then would not that mean that this is in order?

The CHAIRMAN: But what this resolution does is not to ask that. This resolution as I read it is a request to the House of Commons to enable it to recommend a specific thing set out; and the failure of the motion I think must rest on that ground. In the form in which the resolution is before me I have no alternative I think but to rule it out of order.

Mr. FLEMING: Mr. Chairman, just before you make your final ruling have you considered this. I think it is in order because it seems to me that the intention of the resolution is to say that the committee should have the power to make this recommendation. I do not interpret this as meaning that the committee is committing itself to make this recommendation, or that the House is committing itself to approve the recommendation. It simply means that this committee is asking for a particular power. Now, in general, we know that a committee has the right to make recommendations to the House to enlarge on its powers. There may be some difference of opinion about the form of resolution, but I would be inclined to think the proper way to interpret it with respect to the last paragraph as you read the word "recommend" as being the equivalent to recommending or, shall we say, advising, that so and so be done. I have not a strong opinion on it, but I kind of think it is in order. I would like to discuss the merits of it.

Mr. PINARD: I wish to add this to the point of order I made. The committee has the power to consider the facts according to the rules within the scope of the reference committed to it by the House, and the rule says that you cannot depart from the order of reference, and it is a direct departure from our order of reference to do what we are asked to do by this motion. My point of order is this, that this committee has no power to recommend. In other words, it is taking an indirect way of suggesting to the government a mode of action. That is not the purpose for which the committee was formed. The committee was

formed only to investigate and report from time to time its findings, and if we are today to report to the House and ask an enlargement of our powers it would change our terms of reference completely; and that is why I say it is out of order and it is not according to the rules.

Mr. THATCHER: Is that going to mean, then, that if we do find out why prices are high we can't do anything about it?

The CHAIRMAN: No, that is not the point. Surely, there is no doubt about the right of this committee if it so decides to ask for leave to have the power to recommend. Now, that is clear. But I am suggesting before making a ruling that the resolution in its present form does not meet that point. All it is asking is that we be given leave to recommend a certain course of action.

Mr. PINARD: In other words, if we are called upon by this motion to initiate government policy, to indicate what government policy should be.

The CHAIRMAN: I do not like to be arbitrary in disposing of your good intentions, Mr. Thatcher.

Mr. THATCHER: This would let the Canadian people decide whether or not they want price controls.

The CHAIRMAN: That is right, you are arguing the merits. I am not arguing the merits, I am simply discussing the one question, whether or not your resolution is in order.

Mr. THATCHER: Yes.

The CHAIRMAN: And as it is drawn I am of the opinion that it is not in order.

Mr. THATCHER: Would you suggest how I could change the form so it is in order?

The CHAIRMAN: If you withdraw it you might discuss it with some of the able lawyers on this committee and they might perhaps do that.

Mr. THATCHER: Well, then, Mr. Chairman, if you rule it out of order I will try and find another way of bringing it in.

The CHAIRMAN: I rule that it is out of order.

Mr. FLEMING: I appeal your ruling.

The CHAIRMAN: Mr. Fleming appeals the ruling. Those in favour of the ruling being sustained?

Mr. BEAUDOIN: Is there an appeal from the ruling of the chair?

The CHAIRMAN: The clerk tells me it is final.

Mr. THATCHER: Surely not.

The CHAIRMAN: You can appeal to the speaker.

Mr. THATCHER: You could appeal to the speaker on the floor of the House, you mean.

Mr. FLEMING: That is in committee of the whole.

Mr. BEAUDOIN: But you cannot appeal to the speaker from a ruling by a chairman of a committee.

Mr. MERRITT: Surely that cannot be so.

The CHAIRMAN: No; the clerk tells me he misunderstood me. If I give a ruling which is appealed the Clerk of the House of Commons can be asked for an opinion. That is as far as you can go.

Mr. THATCHER: Can we ask for an opinion?

The CHAIRMAN: Yes.

Mr. THATCHER: Then, I will ask for an opinion.

The CHAIRMAN: Those in favour of my asking the Clerk of the House for an expression of opinion—you made a motion. There is a motion, Mr. Thatcher moved, that the clerk be asked to confirm or deny the ruling which I have just made.

Mr. PINARD: In other words, he is appealing your rule.

The CHAIRMAN: He is asking for an opinion.

Carried.

The CHAIRMAN: Mr. Arsenault, you will arrange to ask the clerk as to whether or not this ruling is correct?

The CLERK: Yes, Mr. Chairman.

Mr. HARKNESS: That brings up a point that was raised the other day, the Clerk of the House was asked for a memorandum in connection with the matter of summoning the Minister of Agriculture before this committee. Has that memorandum been received yet?

The CHAIRMAN: I do not believe it has. I do not know. Mr. Maybank is expected here and he was looking after that. I suppose before the day is out we could have a report from him on it but he is not here at the moment. I have unfortunately been in cabinet all day and I have not had a chance to find out how the matter stands.

Mr. IRVINE: I think Mr. Maybank said you were looking after that.

Mr. HARKNESS: I thought we were supposed to get it yesterday or the day before.

The CHAIRMAN: We will make sure that you get it quickly.

Mr. HARKNESS: May I ask at the same time if Mr. Gardiner has been officially invited to attend; and, if so, what his reply was, because the point was not cleared up.

The CHAIRMAN: Unfortunately, I have been attending cabinet meetings this week and I do not know.

Mr. FLEMING: Could the clerk tell us? It was a direction of the committee?

The CHAIRMAN: It is usually done through the chairman of the committee. As soon as Mr. Maybank comes I will ask him to report on it.

Mr. HARKNESS: I understand that the Minister of Agriculture is leaving for the west tonight. That is why I wanted to take this matter up again at this time.

The CHAIRMAN: I did not know that. Well, he always comes back from the west.

Mr. HARKNESS: But he may be gone for some considerable time.

The CHAIRMAN: We will ascertain that.

Mr. MERRITT: Is there power in the committee to restrain him?

Mr. IRVINE: That is what we have not found out.

The CHAIRMAN: I assure you, if so, it could not be effectively enforced.

Mr. MERRITT: I think, surely, Mr. Chairman, if Mr. Gardiner is leaving for the west tonight—this matter has been before the committee and should have been attended to by this time and he should have been officially invited.

Mr. WINTERS: Aren't we working on assumptions there? Could we not find out?

The CHAIRMAN: We will find out whether he has been asked, and whether the clerk has made out his judgment.

Mr. IRVINE: I think we ought to remind ourselves of what Mr. Mayhew, I believe it was, said in his report to the committee the other day, which was to the effect that he had seen Mr. Gardiner and that Mr. Gardiner said he was quite willing to come to the committee but there was certain information in

respect to storage statistics on meat which we had asked for and which had not yet come to hand, and that if and when these figures came he would be quite willing to appear. I think that was the report from Mr. Mayhew.

Mr. PINARD: He also added that he had not officially invited Mr. Gardiner. He said he had had a talk with Mr. Gardiner but he had not extended an official invitation.

Mr. IRVINE: I didn't know that.

Mr. HARKNESS: We have never been told yet, to my knowledge, whether Mr. Gardiner has been officially asked to come before the committee or not, and we have not been told what his reply was. It has been in abeyance now since last Monday and I think it should be attended to before this.

The CHAIRMAN: Yes.

Mr. PINARD: It appears to me as though some of the members are trying to make use of this issue as a political platform.

The CHAIRMAN: One at a time please. Let Mr. Pinard finish his statement.

Mr. FLEMING: Mr. Chairman, on a point of order, what Mr. Pinard is saying, he is giving notice to certain members of this committee—that is entirely out of order.

Mr. PINARD: No. What I said is this, we are dealing with a matter that has been declared to be out of order; that is, it is an elementary rule of procedure that you cannot subpoena a minister of the Crown any more than you can any other member of parliament.

Mr. MERRITT: Oh, Mr. Pinard, that is all wrong.

The CHAIRMAN: I suggest that we get down to work.

Mr. FLEMING: Just a moment, let's get this cleared up.

The CHAIRMAN: I suggest to you that the matter has been dealt with adequately. Let us not waste any more of our time.

Mr. FLEMING: Can't you find out right away? Can you have somebody go and ask the vice-chairman to find out if Mr. Gardiner received an invitation from the committee?

The CHAIRMAN: They are now looking for the vice-chairman. Will you proceed, Mr. Monet?

George C. Anspach, President of George C. Anspach Company Limited, 72 Colborne Street, Toronto, recalled:

The WITNESS: Mr. Monet, before you proceed, there is one correction I would like to make. This morning when you asked me if I wholly owned the building I occupied. I wish to add to that that the building is on leasehold property. I own the bricks and mortar but the land belongs to the city of Toronto. It is leasehold property. Now, the next point—one of the members this morning asked me to give the ratio of profit to capital through the nine years we have been in operation. I worked this out:

Year	*Ratio of Profit to Capital*
1939	3·8
1940	7·5
1941	7·1
1942	2·4
1943	28·2
1944	30·2
1945	16·7
1946	15·7
1947	10·03
1948	20·8

Those are the fiscal years. I would further like to state at this time that, in this business of rapid turnover, invested capital does not have much bearing on profit. A trucker with a capital of $500 or $1,000 can go out and increase that, by rapid turnover, to $250,000 with ample profit. Further, this invested capital does not include bank loans which we are obliged to carry for our accounts receivable and such things, caused through this rapid turnover of merchandise.

Q. Now Mr. Anspach, would you turn to statement 5 of exhibit No. 107 which statement shows the monthly sales for each month of the years 1946 and 1947, and for the first three months of 1948?—A. Yes.

Q. Your sales volume for the month of December 1947 and the first three months of 1948 is substantially below the volume for the corresponding months of the previous year?—A. Yes.

Q. Did you figure out the difference in volume?—A. 26 per cent.

Q. That is, in accordance with my figures, correct. How much would that be in dollar volume figures?—A. $162,346.

Q. And in percentage it is—A. 26 per cent.

Q. We know that prices were generally higher in 1948 than they were in 1947?—A. That is right.

Q. Would it then be a fair statement to say your physical volume of fruits and vegetables handled was down by at least 25 per cent if not more?—A. Yes sir.

Q. Coming to the gross profit to sales, you told us this morning that until 1948 it did not average as high as 6 per cent until the fiscal year 1947?—A. That is right, according to the figures.

Q. And these are the figures which you have supplied?—A. Yes.

Q. They are the actual figures of your company?—A. Yes.

Q. For the benefit of the members of the committee would you give the percentage of gross profit to sales for the four weeks ending December 3, 1947? I am referring to the third column, "gross profits to sales"?—A. 20·5 per cent.

Q. For the four weeks ending December 31?—A. A loss of 3·9 per cent.

Q. Then for the same period, the four weeks ending January 28, 1948?—A. 2·5 per cent.

Q. And for the four weeks ending February 25, 1948 what is the figure?—A. 15·7 per cent.

Q. And the same figure for the four weeks ending March—

Mr. HARKNESS: For the five weeks?

By Mr. Monet:

Q. For the five weeks ending March 31 what is the figure?—A. 16·5 per cent.

Q. Can you tell the members of the committee how the company obtained the high percentage of profit in the four weeks ending December 3, 1947, namely the percentage of 20·5 per cent?—A. Mr. Chairman, and Mr. Monet, I wish to state that these monthly figures are taken off for a guide to the management. They are not audited figures but they are a guide to see which way we are going. You will see in the next month we show a loss of 3·9 per cent.

Q. Yes, I am going to ask you about the next month?—A. I want to point out there might have been some variation. There may be some merchandise taken in there which belonged to the period following. There might be slight clerical errors. However, that included practically all of that first period which you would call an exceptional period of buying on the part of the retail trade, where the prices are sky-rocketing, and it did result in a larger percentage.

Q. That is what I am asking you about. You do not mean to say this is not the actual gross profit to sales?—A. That is what these figures show, aside from clerical errors in bookkeeping which might mean as much as 1 per cent.

Q. Whatever it is it would not be more than 1 per cent one way or the other?—A. Yes, that is right.

Q. It might also be as high as 21·5 per cent?—A. Yes.

Q. Would you give an explanation of the business in the month of December when there was a loss, and in January where there was a small profit? Would you give a general explanation of the very high profit on sales in February and in the five weeks in March which, in those two periods, is quite over the average for all the other months—for 1946 and 1947—except for the exceptional period in the four weeks ending December 3?—A. When the ceilings were imposed on citrus fruits in January we were allowed a certain mark-up—that took all the risk out of selling. Supplies were short enough, quotas were down far enough, and we got our entire mark-up. The merchandise moved fast enough that there was no shrinkage or wastage. It went out immediately. It all showed up as indicating no perishable merchandise on hand—on which we took no losses—and it showed up in the gross profit.

Q. Would it then be a fair statement to say that for the four week period ending December 3, 1947, and for the four week period ending February 25, 1948, and the five week period ending March 31, 1948, your company made very abnormal and unusual profits?—A. That is right.

Q. Those profits were much larger than they were in any other period in the history of the company?—A. That we have in front of us, anyway.

Q. Would you not go farther? Would you not say "in the history of your company"?—A. That is right, yes.

Q. Now I know from the last column headed "operating profit" that the company had a profit of $20,513 in the four weeks ending December 3?—A. That is right.

Q. This profit, you have just stated, is much larger than any other profit for a similar period in the past?—A. That is right.

Q. That would be explained by the high gross profit of which you spoke a moment ago?—A. Yes.

Q. And the same answer would apply to the unusual profit made in the four weeks ending February 25 and in the five weeks ending March 31?—A. That is right.

Q. I also note, Mr. Anspach, that there was a loss of 3·9 per cent for the period ending December 31 and a very small margin of gross profit on sales for the period ending January 28?—A. That is right.

Q. Would you give some explanation to the committee as to that sudden change from a high profit period ending December 3 and December 31?—A. During the Christmas business and the early January business, we did not have any specialty lines. The reduction in volume to 40 per cent, and not having the courage—I mean having goodwill to your employees and not discharging them at Christmas time when you know they needed a job—caused that loss.

Q. As a whole, Mr. Anspach, can we take it that since November 1947 up to now, although your volume was lower than before, your profits were exceptionally high?—A. That is right, as shown by the figures.

Q. I would now ask you to turn to the next statement, and at this point, for the benefit of the members of the committee who were not here the other day, I shall state that the secretariat has prepared a table which is before you, which will give you a quick comparison between statements 2 and 3. This comparison is not to be printed because it is a repetition of the figures we already have in statements 2 and 3.

Mr. Irvine: Do you mean by "statement 2", page 2 of statement 1?

Mr. Pinard: Page 2 of exhibit 107.

Mr. Monet: Yes. The company gave answers to the questionnaire and page 2 is headed "statement 2".

Mr. Irvine: Yes, I see.

By Mr. Monet:

Q. Mr. Anspach, we will first deal with the first column on your statement No. 2, dealing with oranges, California, size 288. Can you tell the members of the committee how you purchase oranges?—A. We purchase them directly from California, f.o.b., in carload lots.

Q. And can you tell us how many carload lots you would normally handle in a week?—A. That is before the embargo came on?

Q. Yes?—A. Approximately four to five cars of oranges and as high as three cars of grapefruit per week.

Q. And since the embargo?—A. Our quota is about 2,000 cases of oranges and 1 car of grapefruit.

Q. Have you used your quota money to bring in other items?—A. No sir.

Q. You did not do that at any time?—A. No, we spent the entire quota for citrus fruit and citrus fruits only.

Q. Do you sell oranges too?—

Mr. MAYBANK: Excuse me, I would like to know whether the witness spent the full amount of money allowed? You asked whether he had diverted any of that money.

Mr. MONET: Yes, I asked if it had been diverted.

By Mr. Monet:

Q. Did your company use some of this quota money to buy other produce? —A. Definitely not.

Q. Did you use all your quota money for oranges?—A. We did. In the latter part of the first period, ending in March, we found ourselves very short of quota money due to the fact the price had advanced a little bit and, if I recall it rightly, we did not properly count the weeks of the quota. If my memory serves me correctly we counted fifteen instead of sixteen, or sixteen instead of seventeen, and consequently at the end of the period we were very short, and right up against it.

Q. Do you sell directly from the car or do you first remove the oranges from the car and then sell them?—A. It all depends upon market conditions. At the present time I believe I can be very frank in saying 10 per cent never hits the floor.

Q. It is sold direct from the car?—A. Yes.

Q. Are those sales made at the same price?—A. Yes, but we deliver practically all our goods anyway. It only means the difference of one handling, in bringing it into the warehouse, and we get bigger headaches in arranging a fair distribution.

Q. Would you not normally deliver first to the warehouse and then to the purchaser?—A. That is right.

Q. So if you deliver them from the car you save the cost of one delivery? —A. One handling, yes, sir.

Q. And you say about 90 per cent of the oranges are delivered direct to the warehouse from the car?—A. At the present time, yes sir.

Mr. MAYBANK: Are you served by rail or do you have to cart them over to the warehouse?

The WITNESS: The siding to which they are delivered is about eight blocks from the warehouse and there is a very congested and obsolete street leading from the siding to the warehouse.

By Mr. Monet:

Q. Would you look at this comparison sheet. I note from the comparison of the selling price and cost price that during the month of October that the margin ranged from 62 cents a crate to a loss of 6 cents a crate?—A. That is right.

Q. Would my calculation be correct if I stated the average per crate would be approximately 20 cents?—A. In that month?

Q. I am talking about that period?—A. I would think so, yes.

Mr. THATCHER: Did you say the maximum was 62 cents?

Mr. MONET: Yes, the top line, Mr. Thatcher—if you have the comparison before you.

By Mr. Monet:

Q. The first line shows 62 cents and the last one in October shows a loss of 6 cents. That would give an average of 20 cents?—A. Yes.

Q. What would in your opinion be a reasonable mark-up for oranges of that brand—288, California oranges?—A. It all depends upon the manifest of the car. In buying oranges from California in a normal year you cannot specify what size you want. The oranges are packed out of the packing house; they come down chutes and go into the car as they are packed. Consequently if the crop is running heavy 200's, or heavy 176's, that is what the car contains. If the prices are high on those you may have to take a loss on some of those sizes, but on others you will get a profit. Your average profit for the car might be only 25 cents a case, but on certain desirable sizes it might run as high as $1.25 a case.

Q. I am asking you what you feel would be a reasonable mark-up, in the light of your experience?—A. 75 cents a case.

The CHAIRMAN: I wonder if I might interrupt. I promised Mr. Harkness there would be no excesive delay in dealing with the point he raised. Mr. Maybank has returned from his labours and he is ready to report.

Mr. MAYBANK: Dr. Beauchesne sent me a memorandum respecting ministers as witnesses before committees. Do you want me to read it?

The CHAIRMAN: I have not had a chance to see it yet, but if you will give it me I will read it.

> If the evidence of a member of the House of Commons be desired before a select committee, no subpœna is served on him but the chairman sends to him a written request for his attendance. No distinction is made between a member who is a minister and one who is not. Members in matters of this kind are all on equal footing. I am unable to find any authority or precedent to show that ministers have special immunities. The government as a whole enjoys certain privileges with respect to the order of business and procedure, but individual ministers are bound to observe the rules applied to every member of the House.
>
> When a minister is informed that his evidence is needed by a committee, he may agree to appear or he may have reasons for not appearing. In the latter case, the committee ought to make a special report to the House therewith. The member should not be summoned to attend the committee. The Prime Minister of the United Kingdom was asked, on October 23, 1931, if it was not clear that select committees had the right to call for ministers. He replied: "Yes, sir; they have that right, but I think if that right was unnecessarily exercised it would be necessary for the government to seek comfort from the House." The chairman may, if the member's evidence is indispensable, move in the House that the member be ordered to attend. On this motion a vote may be taken. The result will show whether or not the minister should give evidence before the committee.
>
> (sgd) ARTHUR BEAUCHESNE,
> *Clerk of the House of Commons.*

Mr. HARKNESS: Further to that may I ask if Mr. Gardiner was officially asked, in writing, to attend before this commitee?

The CHAIRMAN: I do not know whether he was officially asked.

Mr. MAYBANK: I do not know what the motion was and whether the clerk was asked to write him?—Perhaps the clerk could look up the motion.

Mr. MAYHEW: While the clerk is looking that up, I would like to clear up a point upon which I was incorrectly reported in the press. I do not wonder that such a thing happened because the press is back at the other end of the room and I was talking facing the opposite direction. I said that I had no authority to invite Mr. Gardiner and had not invited him. The paper said I had invited Mr. Gardiner. I did not invite Mr. Gardiner and I had no authority to do so, any more than has any other member. I was talking to him and I gave to the committee the sense of what I thought he said.

Mr. HARKNESS: My understanding was that you had not officially invited him and that is why I am asking the question now.

The CHAIRMAN: It is quite clear that he is not being invited.

Mr. MAYBANK: I think the press just got it incorrectly. I do not know whether it was reported that way in all sections but I was in the chair and I knew that he had not been given an invitation.

Mr. THATCHER: Is Mr. Gardiner going west?

Mr. MAYBANK: You could not prove it by me.

Mr. HARKNESS: Has Mr. Gardiner now been officially invited?

The CHAIRMAN: No.

Mr. IRVINE: Who is the official inviter?

Mr. HARKNESS: If he has not been invited I would ask why not?

Mr. PINARD: Can we have the exact motion?

The CHAIRMAN: What is the pleasure of the committee?

Mr. MAYBANK: I asked that Mr. Arsenault inform us as to the wording of the motion. I was not in the chair at the time so I did not do anything about it.

The CHAIRMAN (Quoting from the clerk's minutes): Mr. Harkness moved, seconded by Mr. Thatcher that Mr. Gardiner be called to give evidence before the committee.

Mr. MAYBANK: I understood from the way the conversation and argument proceeded when I was in the chair that what Mr. Harkness had moved concerned a summons, and that was the argument trend. The result was a suggestion from Mr. Harkness that legal advice be sought and as a result we have the memorandum before us now.

Mr. HARKNESS: On the Monday the motion was moved and on Tuesday morning I think I asked, when I noticed that Mr. Gardiner was not here, if he had been notified. Following that a discussion arose as to whether he could be summoned but when the motion was made it was merely a matter of asking Mr. Gardiner to appear before the committee.

The CHAIRMAN: It is quite clear that Mr. Gardiner has not been sent a written request to attend before the committee.

Mr. MAYBANK: I do not dispute what Mr. Harkness says but the motion is worded that he be called and, as I understood the subsequent discussion, that expression was taken by those around the table to mean a summons was concerned. That understanding seems to be borne out by the nature of the discussion which then ensued. There followed the request for legal advice.

Mr. MAYHEW: There is one point which you are missing. I read Beauchesne's rule 678 at the conclusion of the meeting and said that ministers were not

summoned, they were invited, and I said that would be the procedure we would follow.

Mr. THATCHER: Could the chairman send a letter officially inviting Mr. Gardiner to attend?

The CHAIRMAN: The committee will have to decide whether it wishes to do that.

Mr. THATCHER: Was not that decision made?

Mr. MAYBANK: I do not think that we, at this time—and I stress those words—should either invite, attempt to summons, take to the House the question, or do anything else at this time to hear Mr. Gardiner.

Mr. HARKNESS: I would submit the motion to call, to invite, or to use any words you like, was passed in the committee and the correct procedure, whatever it may have been, should have been carried out.

The CHAIRMAN: Yes, and we are dealing with the situation now.

Mr. HARKNESS: I think that is merely doing at a late date what should have been done during the last two or three days.

Mr. PINARD: The clerk of the committee has given the chairman the motion and as I understood it the witness was not requested to appear.

The CHAIRMAN: Mr. Maybank has expressed the point of view that at this time we should not hear Mr. Gardiner—and he has in mind the fact that we are engaged on a particular hearing.

Mr. MAYBANK: The point of view which I hold is not, at the moment, that he should not be heard but I think we should continue to proceed along the line upon which we are proceeding. I do not think it would be in the interests of the work of the committee, or in any other interests, to proceed with any evidence from Mr. Gardiner now.

Mr. THATCHER: On a point of order, I thought we decided that.

The CHAIRMAN: This committee is the complete master of its own destiny.

Mr. MAYBANK: I submit there is a right to discuss the matter from the viewpoint of time. The motion speaks for itself and the motion was to the effect that Mr. Gardiner be called. Today we can accept that, if the members wish, but that means some person should send a letter. We have so far dealt with the matter as if it involved a summons. However, whatever it means my proposition at this moment is not dealing with the motion at all but rather it is dealing with a question of time and all I am saying is that I submit Mr. Gardiner should not now be called, invited, chosen—or any other word you wish to use—and that motion, I submit, is still valid, even when it is generally applied.

Mr. IRVINE: I still submit that this discussion is out of order unless somebody moves that the matter be recommended by the committee, and it has not been so moved.

Mr. MAYBANK: Well, I would be willing to move that, if I first of all may know whether it takes a two-thirds majority or a majority.

The CHAIRMAN: It takes a straight majority.

Mr. McGREGOR: It is a good job the public can't look into this room and see what is going on today. We have been yammering away at this thing like a lot of school children, as to whether somebody should be called to give evidence or not. We have been dickering about this three days and still do not know where we are at.

The CHAIRMAN: What is your suggestion, Mr. Maybank?

Mr. MAYBANK: My motion is that the chairman should not invite Mr. Gardiner at the present time.

The CHAIRMAN: Do I hear a seconder?

Mr. PINARD: I would second the motion.

The CHAIRMAN: Those in favour of the motion?

Carried.

The CHAIRMAN: All right, Mr. Monet.

By Mr. Monet:

Q. Mr. Anspach, going back to oranges, I think your last statement was that you considered 75 cents a fair markup, a reasonable markup?—A. Yes.

The CHAIRMAN: Order, please; lets follow Mr. McGregor's advice and at least have order, please.

By Mr. Monet:

Q. Mr. Anspach, I note that on November 20, 1947, the price of oranges had increased to $6.44 a case or crate, or by $1.19 as compared with the previous—?—A. $1.93.

Q. I am just asking about the increase in your sales price.—A. $1.19, yes.

Q. $5.25 to $6.40, on November 20?—A. That is right.

Q. And over the same period the cost increased only from 26 cents to 45 cents?—A. Yes.

Q. Is it fair to say then that the resulting margin of $1.93 a case is abnormally high on a crate of oranges? You told us, did you not, that you considered 75 cents to be reasonable?—A. Normal.

Q. A normal margin?—A. That is right.

Q. Is it not true then that the margin prevailing from November 20, to March 25, those margins were in all excess of the established normal?—A. They are, sir.

Q. And you have said that you consider 75 cents to be a normal markup? —A. That is right.

Q. That from October 26, to March 25, your margin of profit was in each of those weeks above the normal markup?—A. Yes sir, although two of them were a little above.

Q. Yes, but inasmuch as you have mentioned that I have to bring out that quite a few if not most of them are over the 75 cents?—A. That is right.

Q. Then on January 29, there would be of $2.30 a case?—A. Yes.

Q. How do you account for this very substantial markup of $2.30 on January 29, and $1.23, for the previous week which were about 25 cents higher than usual?—A. What is that?

Q. On January 29, it was $2.30, or 34 per cent higher.—A. I have to come back to the old story of supply and demand.

Mr. IRVINE: You would?

The WITNESS: The whole thing here is—here is our volume—as I said a while ago our quota was beginning to run out and there was less available, they ceased coming in and we had to spread them out so the public would get some oranges, and the market was so very thin on many of those sizes that we wanted, even in the large sizes were showing a profit, but, understand, after February 19, they went down.

By Mr. Thatcher:

Q. How about the February 20, figure? Here on the 15th you show a cost of $4.26. A week later it has gone up by 25 cents and in the same period your selling price went up $1.19. How do you account for that when your cost only went up that little bit? Would that indicate that you took advantage of the fact that the embargo went on and raised your price?—A. No, sir, it does not.

Q. What does it mean?—A. In any business, in a perishable business such as this, you have got to take your ups, because the downs are going to come after you some time.

Q. Then it indicates what I said, does it not?—A. It indicates what the market was and that we took the market.

Q. You raised your prices immediately?—A. We do not raise our prices.

Q. But they went up.—A. The market was up.

Q. From 5.25 to 6.44, when your cost was comparatively stable.

The CHAIRMAN: Order, please; this is very important evidence and we should be able to hear what the witness says.

Mr. MAYBANK: The market advanced and you followed the market, isn't that it?

The WITNESS: That is right, the market advanced and we got that market.

By Mr. Thatcher:

Q. Does cost play any part in your selling price?—A. No sir, because when you take a loss cost does not take any part of that.

Q. When you are pricing your oranges don't you figure what your cost is at a certain percentage?—A. I might tell you about my experience when I went into this business in 1938. After my long experience in the chain store business where we had markups I went there with the full intention of buying markets and getting weekly profits, but I found out in a very short time that I was batting my head against a solid stone wall, that in this business with such a rapid turnover I could not keep track of the individual case. This market at this particular time we are discussing is steady. That is true. But it came on down and at the end it dropped 80 cents a case when the duty came off the oranges. If we had been caught with several cars of oranges at that time we would have to take that 80 cents a case loss regardless; so that if you don't take your increases as they come along on the market you sure can't take your losses and stay in business.

Q. Do your figures indicate, as Mr. Monet pointed out I think, that in the weeks following the embargo being brought into effect your costs were two or three times higher than they were the week preceding. I mean, the embargo went off and caused that?—A. Yes, Mr. Thatcher.

Q. If you had even taken on some of the import figures it would have been maybe 10 or 12 times as much. Do you not think that those are profits that are sometimes perhaps a little abnormal?—A. They would be, if you had your normal amount of volume going through your store, but we were faced on November 17, with a volume cutoff. I mean, we were splitting an average of 25 or 30 cars of merchandise rolling.

Mr. MONET: Excuse me, if I interrupt. Did you not say a short while ago that even with less volume during the last seven or eight months you had made more money than ever before?

The WITNESS: That is true.

Mr. MONET: How does that work out?

The WITNESS: You follow that—and also your net you are taking; and you will see too that our trading account has increased tremendously; but, sir I am explaining it all. On november 17, these things were not—we did not—we expected a greater problem, we had to keep our plant open and naturally we followed prices up.

By Mr. Thatcher:

Q. You told Mr. Monet a moment ago that you considered 75 cents a case a reasonable profit?—A. In normal times.

Q. Now then, you are taking $2.30, would that amount look like you were taking advantage of the consumer on a situation which was no fault of the consumer?—A. But that is only one size of oranges in that car. There might have been a lot of those oranges, there were sizes on which we would only make a quarter of the profit.

Q. Isn't this the average profit?—A. This is the average for the 288 only sir.

Q. I see.—A. It is only on the 288's. It might only be a small proportion of the total contents of the car, of the merchandise coming in.

By Mr. Monet:

Q. But that is quite a standard size?—A. The 288's—as I mentioned this morning, in chain stores they are what we call a "come-in" orange. It is the working man's orange. It is a cheaper grade of orange.

Q. It is a very popular size.—A. It is only popular with certain retailers.

Q. But on this particular size, Mr. Anspach, you did take this profit, did you not?—A. On that particular size.

Q. And that is the only size before us?—A. That is right, sir.

Q. And you have taken—I think you have taken advantage of a situation—I am not blaming you for it, of course. I imagine maybe I would do the same thing if I were in that business; but it certainly was one factor in raising the price or oranges, the fact that you as a wholesaler have taken as much as the traffic would bear.

By Mr. Irvine:

Q. In doing so were you violating the ethics of merchandising at all?—A. No, sir.

Q. You were conducting a free enterprise?—A. Yes, sir.

Mr. THATCHER: What about the rule of the Wartime Prices and Trade Board where they refer to taking unfair and unjust—

The CHAIRMAN: You are asking a legal opinion now, aren't you?

Mr. MAYBANK: I do not think the word markup comes into it at all. That point was up yesterday. It refers to price.

The CHAIRMAN: Yes, a fair and reasonable price.

Mr. MAYBANK: Markup would be no doubt one of the components that would be considered in case of a prosecution, I imagine it would; but the law does not say markup.

By Mr. Monet:

Q. Now, Mr. Anspach, you referred—I want to point out to you January 22; if you will compare that with January 29—I asked you that a few minutes ago and you said that the markup was $2.30, in the one case and $1.23, for January 22, and you said that that reflects the principle of the law of supply and demand. Is that correct?—A. Yes.

Q. Would the law of supply and demand work that fast, that during the week of January 22, your profit during that week would have been $1.03 a crate of oranges and the next week it would go to $2.30?—A. Yes, sir.

Q. And then, would you give us some explanation as to how during the period of one week there should be such an increase in the amount of your profit?—A. Well, let us take asparagus.

Q. Stick to oranges. You were talking about the supply and demand as related to oranges.—A. Well, it worked the other way with asparagus.

Q. Yes.—A. Can we take another type to discuss that way?

Q. We will take the oranges first and then we can come back to your asparagus. I know the thing works both ways, but I want to deal with oranges first.—A. The whole thing is that the market, the average retail price, went up only 8 cents, a case, the average retail—

Q. But I am talking about your increase in price?—A. That is what I am telling you, the average retail price only went up 8 cents a pound but our costs went down $1.09.

Q. I am asking about your profit. Just stick to the profit, that item of $1.03, for January 22. Now, you said a moment ago, those originally were 28 cents for the established normal trading situation, and you say that the cost went up mostly on account of supply and demand?—A. That is true.

Q. Then, according to the same law, I take it that the next week it went in Toronto from that figure up to $2.03; how do you account for that?—A. Our costs went down $1.09, and the market to the retailer went up 8 cents.

Q. And although your costs were lower you sold the oranges at the same price?—A. That is right.

Q. If your costs were lower was it not because more oranges were brought on to the market?—A. No, my man made a good buy some place.

Q. Why would he make a good buy that week; would he have done that because the supply was greater?—A. The f.o.b. supply was without doubt greater, but due to holdings the Toronto supply could not be any greater.

Q. The supply would vary to a certain extent from week to week?—A. The price to the retailer only went up by 8 cents.

Q. I understand, but I am talking about your supply, your supply was greater?—A. The f.o.b. supply at California or Florida was reduced and that reduced our cost which showed in profit.

Q. Then you benefited by the reduction in cost but actually the price to the retailer did not drop to any great extent?—A. No, sir.

By Mr. Maybank:

Q. Would you explain that point? The f.o.b. supply and the Toronto supply. I think I know the answer. I think you have given to me an indication of it, please explain what is the f.o.b. supply?—A. The supply in California or Florida where the oranges are purchased.

Q. That is near to the source or at the source?—A. It is, sir.

Q. And you commonly call that the f.o.b. supply point?—A. That is right.

Q. And the f.o.b. supply point may be very, very large yet the Toronto supply may be small?—A. Due to quotas we have at the present time.—Q. Due to the quota; of course, the f.o.b. supply of any article may at a given time be large and the supply of the same article at the same given point of distance away from the f.o.b. might also be small?—A. Yes.

Q. But in this particular case you would say that the Toronto supply could not be very large by reason of the quotas, the restrictions?—A. That is right.

Q. Would it be correct to say that the Toronto supply and the nature of conditions at the time would tend to be pretty well constant?—A. It would tend to be pretty well constant. That is right.

Q. That is why you were importing all you could up to the ceiling or quota?—A. That is right.

By Mr. Monet:

Q. Now, if you will look a little lower down, I think the reverse probably did happen at that time, but I want you to give your explanation of that. Take the week of February 12, your selling price was $5.21, and you had bought some at $3.60?—A. That is right.

Q. On February 19, you sold your oranges for $4.63 and your cost price had increased by 35 cents?—A. That is right.

Q. It was the reverse of the former position?—A. Yes.

Q. And you would say in virtually the same proportion the same thing happened?—A. No, sir.

Q. What was it?—A. It was on account of the ceiling in effect on the 19th of February which affected our market.

Mr. IRVINE: What was that? Would you speak a little louder please?

The WITNESS: The ceilings went into effect on deliveries from February 19, and due to the market, I mean the selling price was established by the ceiling on the market.

By Mr. Monet:

Q. I thougt it was because you had decided not to take so large a profit, and that was not on that account?—A. No.

Q. And you do not want to take any credit for that?—A. No, sir.

Q. Well, we will turn to the next column.

Mr. THATCHER: Mr. Monet, why is it that there is some articles of Ontario produce which are not included in this statement? Is it because the company does not handle them?

Mr. MONET: The questions were asked all the same.

Mr. THATCHER: What about celery?

Mr. MONET: On statement 2, which was the statement which was prepared for all the celery—it is because it was handled only by commission by this firm. We will question the witness on it in a few minutes. My information is that they dealt with it only on a commission basis.

The WITNESS: That is right.

Mr. MONET: So as it is only handled on a commission basis there is no use in making a comparison. That would just have been a waste of time.

Mr. THATCHER: I see.

By Mr. Maybank:

Q. I take it there again it is a case where you followed the market. Various times references have been made to wholesalers or other kinds of dealers not setting prices in the trade. I do not mean that, but setting the price. It has been responded that that is not so, that they can't do it; that all they can do is to follow the market, is the expression which you used; would that be your position?—A. That is the position taken from the whole industry. Take the market, it opens at 6 o'clock. You start trading at 6 o'clock. The buyer comes in and then it is a question of price. If you are below the market they want everything you have got. Then you have to keep a fair proportion for the rest of your trade or you sell out and somebody gets it all. Then, maybe the market is dull and you get a big profit on it; and consequently, it is only good business to divide up your merchandise and keep it spread out so that everybody will have some.

Q. Mr. Anspach, it is true to say that so far as you are concerned, you find yourself in the same position as anybody else?—A. Yes, sir.

Q. It is true to say that you try to get the best price you can; that is true?—A. Definitely.

Q. And you sometimes have a very considerable degree of success?—A. That is right.

Q. And it is likewise true, is it not, that everybody else in the business, in the same business as yours, is striving in the same way?—A. Definitely, yes.

Q. And it is true too, is it not, you have certain arts and practices that you call into play in an endeavour to accomplish your end; isn't that true?—A. That is true.

Q. And these arts and practices are not peculiar to you, but there are periods when your various confreres in this business also practice them?—A. That is right.

Q. And it comes about, does it not, that there is a large body of men all practicing the same arts in an endeavour to get a high price?—A. That is right.

Q. Would it not then be correct to say that while you yourself cannot raise your price you have to take what you call the market price; but, nevertheless as a unit in a large section of merchandising society have some influence upon prices?—A. Yes, we have, definitely.

Q. And while you do not think that you personaly pursue affect the price in an upward direction very much that you in company with all of your allies, undeclared allies perhaps but nevertheless your allies, you do affect the price upward?—A. That is right.

Q. It is not the upward strain and stress that you personaly in the market alone, but there is a large body, a large segment of society of which you are a part, and you are all working together to push the price up; isn't that correct?—A. I would not say we are working together to push the price up. We are trying to get as much money as we can.

Q. I don't mean you consciously did a thing of that sort. I did not mean that.

Mr. Irvine: And do they do it unconsciously?

Mr. Maybank: Not unconsciously, exactly; but it is not an organic policy?

The Witness: No, sir.

By Mr. Maybank:

Q. But it is true at all times, is it not, that persons in your position in the modern world are endeavouring to get higher prices?—A. That is right.

Q. And it consequently can be said, can it not, that prices rise to some extent by reason of the endeavours of all people who are on the selling side of transactions; isn't that true?—A. With the element of veto of the consumer.

Q. Oh, yes. I was only saying that there is that tendency created by all?—A. That is right, naturally.

Q. And consequently it is incorrect to say, is it not, as a generalization, that sellers of commodities do not themselves affect the price; that is an incorrect statement?—A. It is.

Q. Sellers of commodities do not affect the price; that is an incorrect statement, do you agree?—A. Definitely.

Q. Only when they come down to you personally, you would answer I presume that you cannot do anything very much except take the market price, and that you are just a very small cog in the selling machine. I presume that would be your answer, would it not?—A. That is right.

Q. But if we should get some altruistic urge in all the sellers at some given moment, with the same amount of motivating, that then might affect the price before it rose too high, and would stop it from doing that; wouldn't that be correct?—A. I think it depends—

Q. You would have to get some corresponding support on the side of the buyers.—A. We would have to get help from the other fellow.

Q. But so you and your fellows would be left a living always?—A. That is right.

Q. I just wanted to clear it up; that it is not correct at any rate to say the sellers do not have some effect upon prices.—A. That is true.

Mr. THATCHER: Mr. Anspach, if that is true, if all sellers take advantage of the market—and I don't say that I blame them for it—but if they do that, and if in abnormal times your supply of merchandise is not adequate, is not the only way the consumer can be protected is by some kind of a ceiling to keep prices down? How else would you suggest we could keep prices at a reasonable level if the sellers are going out after everything they can get and to put prices as high as they can? Can you tell me some effective way in which we could keep prices down without ceilings?

Mr. PINARD: What about supplies?

Mr. THATCHER: If we had the supplies, that is all right; if we haven't got the supplies then the only way prices can be kept down is by the use of ceilings.

The WITNESS: I do not know of any other way.

Mr. THATCHER: Is there any way of keeping prices down without ceilings?

Mr. MAYBANK: When you put it that way, are you not imputing motives?

Mr. THATCHER: I am not imputing any ulterior motives. I think it is human nature. If I were in business I would probably do the same thing.

The CHAIRMAN: You have been making a good many admissions up to date.

Mr. THATCHER: I suggest the only way that we are going to keep prices down in a period of short supply is by the application of ceilings.

By The Chairman:

Q. Do you have an association?—A. Yes.

Q. Don't you think that your association could give some leadership, exercise business statesmanship shall we say in this sort of thing?—A. No, sir, I don't.

Q. Has it ever been tried?—A. It has been tried.

Q. When?—A. Several years ago.

Q. Not since the war?—A. During the war when ceilings were on.

Q. But you said it was tried. When was it tried?—A. Some years ago.

Q. What does that mean?—A. When it was tried was before I got into the business, but not in recent times.

Q. It has not been tried within the last ten years?—A. Not to my knowledge.

Q. Have you ever made a move to have it attempted within the last ten years?—A. We have tried it, yes.

Q. When?—A. Three or four years ago.

Q. You had ceilings on then.—A. It was just prior to the ceilings that we made an attempt at it. That was in 1942, I think—whenever the ceilings went on, just a year before that.

By Mr. Maybank:

Q. I just wanted to follow up a question. You have said that you do not know of any way at a given time by which prices could be kept down except through ceilings?—A. Yes.

Q. And if there is a ceiling can you guarantee a supply?—A. No, sir, you cannot. That was our trouble in the war.

Q. What was your trouble during the war?—A. With the growers' ceiling, produce was side-tracked away from the commission men into different channels. There was not an adequate supply.

Q. Under ceilings can you develop a supply?—A. Not any more than is grown.

Q. There is no incentive to produce?—A. That is right.

Q. If the ceiling is low?—A. If the ceiling is low there is no incentive.

Q. A ceiling of necessity would then produce a shortage?—A. Of necessity the ceiling would produce a shortage if the ceiling was too low.

Q. And the ceiling is designed to keep prices low?—A. Unless there was a ceiling on wages, and everything else, there could not be a ceiling for the primary producer, or I do not see how there could be.

Q. Anyway you contend supplies cannot be brought forth with a ceiling unless it is a high ceiling?—A. If there was a ceiling there would have to be a floor to guarantee that the production price would not go below the floor or below the cost of production.

Q. If you could not get a supply, with a ceiling, you would get into the position of having potatoes, or sausages, or hairnets or hair shirts for sale at a given price, but there would be none available?—A. Yes.

Mr. MONET: Mr. Anspach, we will turn to the next column of statement 2.

Mr. MAYBANK: I do not mean to suggest that Mr. Thatcher is our hair shirt.

Mr. THATCHER: Do not apologize.

Mr. MONET: Turning to the next column which is headed "apples", I have no questions to ask the witness as the members of the committee will see that the prices have not increased very substantially and the margins have been very small throughout the period under consideration.

Mr. WINTERS: Is that because there is no demand for B.C. apples?

The WITNESS: The apple producers in Ontario have been in trouble all year on their apples and it has had a natural tendency—

Mr. THATCHER: Are they the poor quality apples—the B.C. apples?

The CHAIRMAN: We are having an Ontario election, Mr. Thatcher, and I think you are making a very unwise observation.

By Mr. Maybank:

Q. What do you mean by saying that the growers were in trouble? When you use a term that is perhaps at once apprehended by people in the trade, you may find that to ignorant lawyers it does not mean much?—A. I mean that they still have apples of which they have not been able to dispose.

Q. The men producing are in trouble because they had an over-supply? —A. An over-supply, and there was not a demand for that market.

Q. By reason of production being great, the price did not rise?—A. That is right. Further, I do not think there was the consumptive power. The consumers did not desire apples. Probably they did not have lettuce for salads. I do not know, but there was not the same consumer demand.

Mr. IRVINE: Was there not a greater sale of British Columbia apples than is usual?

The WITNESS: No, I believe that we received less than normal.

Mr. PINARD: You told us you had some left in your warehouse when the embargo was imposed.

The WITNESS: Yes, that is right—C grade apples.

Mr. THATCHER: Those are B.C. apples?

The WITNESS: C. grade B.C. apples. They came into our warehouse sometime around the early part of December.

Mr. MAYBANK: I wish to warn the members of the committee to be careful what they say about British Columbia because I see that the member for Comox-Alberni is in the room.

M. THATCHER: I guess they are mostly of the C grade?

The WITNESS: Definitely no. Most of them are extra fancy and fancy, the kind that Toronto likes, and that is one reason why we could not get a fair

market on those apples because there were no extra fancy ones and we had to dispose of the C's as best we could.

By Mr. Monet:

Q. Would you turn to your third and fourth column, dealing with celery and I have just a few questions on that item. I understand that you handle celery on a commission basis only?—A. That is right.

Q. The letter "C" we find after the figure and that indicates the commodity is handled on commission only?—A. Yes.

Q. What rate of commission do you take on celery?—A. 12½ per cent.

Q. The same as on your other produce?—A. That is right.

Q. Do you store the celery you handle?—A. No, sir, not as a rule.

Q. You get it and you sell it from the car?—A. It is trucked in on the floor.

Q. You do not store it at all?—A. No, sir.

Q. I notice on statement 2, although you are just dealing in celery on a commission basis, that you have given us figures, and perhaps you can give us information as to the rise in price in celery. There is a very marked rise from November 6, for instance, to December 31. On November 6 celery was $1.88 per crate but it reached a high of $7 on December 31?—A. That is for No. 1 quality.

Q. I am talking of No. 1 quality just now. I take it as far as you are concerned you are dealing on commission only, but can you give some information or some explanation for such a substantial rise.—A. This celery is put into cold storage from certain sections of the country at certain times. The Brantford celery goes into cold storage along about the 15th or 20th of September; Burlington celery goes in about the middle of October, and Bedford, the other producing centre, sends celery in about the middle of October. As that celery goes into storage some of it will stand up and will go through the period of holding, but it is still a perishable product—very perishable. As time goes on good celery gets scarcer, which brings up the price of celery. The scarcer it gets the higher the price will become.

Q. If you will look at the jump which celery took, you will see it was substantial. Could you explain the jump between November 20 and December 31? The price varied from $1.20, to $2.00, to $2.07 and from November 27 to November 31 it went from $3.50 to $7?—A. That is right.

Q. Now would you explain such a difference in that period?—A. In the beginning of that period there are certain sections of the country which are harvesting and a certain amount of that No. 1 celery is considered to be such that it will not hold up in storage and it is put on the market to be sold. Then, you get past the time of marketing and it goes into cold storage. On November 17 the austerity program went into effect and it removed other forms of vegetables from the market and created a larger demand for celery.

Q. Could it not also be that celery, after November 13, gravitated to a few holders—it had been purchased by a few holders who would handle the celery from that time onward?—A. I do not think it happened quite that early that it went into the hands of a few.

Q. Could that have happened?—A. Not until further along but it might later have got into that position.

Q. What date would you suggest that happened?—A. We had celery to handle on commission until January 29—at that time the farmer was still bringing his celery in to us to sell on commission, or he would give us an order on the cold storage.

Q. Until December 29?—A. We still had celery on commission on January 29 so it could not have been at that time in a few hands if we still received it on commission.

Q. Did you receive as large a quantity as usual?—A. Yes, as large as in other years.

Q. And you purchased it all from growers?—A. We did not purchase it all, but it all came in from growers.

Q. You did not purchase it but it all came in from growers?—A. That is right.

Q. Now I wish to deal with hothouse tomatoes? Do you handle hothouse tomatoes on a commission basis?—A. Yes sir.

Q. Now I notice last fall the price ranged from 18·3 cents on October 2 to 25 cents a pound on November 13. It was 18·3 cents on October 30?—A. Yes.

Q. And they were 25 cents a pound on November 13?—A. That is right.

Q. Then there was an increase to 35 cents a pound, sometime in January?—A. That is right.

Q. Does this blank mean that hothouse tomatoes were not available during February and March?—A. That is what it means.

Q. Is that a situation which is normal?—A. That is normal.

Q. I note that hothouse tomatoes appeared again on the market in April?—A. Yes.

Q. And the price per pound was 85 cents?—A. Yes, sir.

Q. You handled some of those tomatoes on a commission basis?—A. All were handled on a commission basis.

Q. The price increased to $1.09 on April 22,—the last figure which I have here?—A. That is right.

Q. I understand since that date they increased?—A. I think our highest price was $1.12½ cents a pound—$9 for 8 pounds.

Q. $9 for eight pounds?—A. That is my recollection. That was our highest price.

Q. That is the price you sold them for?—A. Yes, to the retailer.

Q. And of course the higher the price at which you sold them the higher revenue you received? You received the same commission?—A. It is not only a question of revenue, but we are duty bound, under the Fruit and Honey Act, to sell what is in our hands in trust for the highest price which we can get.

Q. But the higher price you can sell, the higher— —A. The more commission we make, definitely.

Q. That is clear. Can you give to the members of the committee any reason for such substantial increases in the sale price as compared with the previous month?—A. Yes, the whole thing was because there was only one producer in April. That producer had the only tomatoes that there were in the city of Toronto and consequently he spent a lot of money and we thought we should ask the price—

Q. What did you say he did?—A. It cost him a lot of money in coal, and other items, to get them and consequently as he was the only one to have them we believe he should have the price.

Q. Would you feel it cost him that much more for his production—that much above the general price?—A. It cost him a lot more for his production than it cost those men who had tomatoes back here in December and October.

Q. Would it cost him on the average that much?—A. He made more money.

Q. He made more money?—A. Definitely.

Q. Did he make much more money?—A. I do not know, but I would think so.

Q. You would think so.

By Mr. McGregor:

Q. Is it not a fact that the reason the price of tomatoes went to where it was then was because there were no American tomatoes on the market?—A. That is right.

Q. The government had stopped tomatoes from coming to the market?—A. That is right. That is the only reason.

Q. We have had hothouse grown for years and years and we never had a price anything like that?—A. That is right.

Q. Had there been no American tomatoes on the market years ago the price trend would have been the same?—A. It would probably have been the same thing.

By Mr. Pinard:

Q. They came earlier?—A. I think just a couple of growers had them earlier.

Q. There were just a few baskets?—A. Yes.

By the Chairman:

Q. Why is it when you are in heavy supply often times the price still goes up?—A. That is due for instance to a hot week-end like the 1st of July, when there is a holiday and a big demand. Very naturally the price goes up on account of the larger demand.

Q. My question was why is it, in view of your reply to Mr. McGregor, that when you are in heavy supply often times the price still goes up?—A. I thought I was answering that question. It is due to a higher demand from the public for tomatoes and to more bidding for the tomatoes.

Q. If your supply is greater than your demand— —A. If the supply is greater than the demand the price has got to go down.

Q. Does it always go down?—A. Definitely, it always goes down. Never, in my experience, has the price not gone down if the supply was greater than the demand.

Q. We have had examples of the opposite here in the committee?—A. Not with respect to perishable goods. I have never seen, nor do I recollect, any situation where if the supply is great the price did not go down. If the supply is greater than the demand and you do not get the price down you are going to be in trouble with the grower in a few days because you will have to dump his merchandise in the lake.

By Mr. McGregor:

Q. The same thing applies to celery?—A. That is right.

Q. There was no American celery?—A. That is right.

The CHAIRMAN: We will pursue this.

The WITNESS: Did I answer your question?

The CHAIRMAN: Yes, but let Mr. Monet carry on—whether I am right or wrong.

By Mr. Monet:

Q. I wish to come to the next column of the statement in which you deal with cabbage?—A. Yes.

Q. I take it, except for the month of January, you handled local cabbage on a commission basis?—A. Yes, sir.

Q. At 12½ per cent?—A. Yes.

Q. In the summary which has been prepared by the secretariat there is shown a comparison of the selling price and the most recent price of imported green cabbage?—A. That is right.

Q. I notice on the 4th of March you were buying imported green cabbage at 3 cents and 3·6 cents per pound?—A. That is right.

Q. The costs of your most recent purchases was 3·3 cents a pound?—A. Yes.

Q. I notice in the following weeks of March 11, and March 18, your percentage of selling price jumped from 8·3 cents to 25·6 per cent and to 33·3 per cent. Would you give some explanation to the committee for such a substantial increase?

Q. Your margin was 3 cents a pound?—A. Yes.

Q. That was a percentage on selling price of 8·3 per cent?—A. That is right .

Mr. McGregor: Is that on page 2?

Mr. Monet: Yes, page 2, "imported green cabbage", right at the top.

By Mr. Monet:

Q. The last column gives the difference in percentage of selling price—25·6 per cent and 33·3 per cent?—A. That is what is here.

Q. Your margin of profit was 1·1 cents to 1·6 cents for those two weeks?—A. Yes sir, that is right.

Q. Now would you please account for such a substantial increase?—A. The ceiling price, if my memory serves me right, was 5 cents a pound, and we were below ceiling. We evidently made a purchase below ceiling and we were able to make a profit.

Q. Do you say that you were below ceiling when you made 32 per cent profit?—A. Yes, the ceiling was set.

Mr. McGregor: At what date?

The Witness: On the 5th of February. The government set the ceiling price at 6 cents a pound wholesale.

By Mr. Monet:

Q. You were below ceiling and still you made a profit of 33 per cent?—A. That is right.

Q. How do you account for such a large percentage? You give your purchases as 3·2 cents a pound?—A. That is right. If you take a cent a pound it is only 50 cents a bag or $250 a car. When you figure it out it is not much money on percentage. There was a glutted market in the States and we were able to get our costs down below the ceiling.

Q. That is the reason you would be able to buy at a lower proce?—A. Yes, sir.

Q. Coming to local carrots, I should ask whether you handle carrots on a commission basis only?—A. Yes.

Q. Why did you not continue to carry them on a commission basis after December 1?—A. For the simple reason that carrots, in relation to supply, got to a position where the demand was great and in order to be in the carrot business one bought. Due to the austerity program carrots got to be in short supply and consequently the grower was in a position where he could demand a selling price. We have a processing establishment for processing carrots and we wanted to keep it going.

Q. We are talking of washed carrots now?—A. Yes.

Q. You notice, as happened with respect to cabbage, that for the week of —January 22 to 29 you experienced a large profit—28·8 per cent to 36·2 per cent?—A. That is right.

Q. Would that also be due to the fact you could purchase a large quantity of carrots at a low price?—A. That is right.

Q. When you purchased a large quantity of carrots—as you did imported green cabbage—at a low price, still you did not feel like taking a smaller mark-up than that which you did take?—A. That is right.

Q. You tried to get as much as you could?—A. Well, cabbage was still below ceilings, but with respect to carrots we did not ride the situation too high. We asked a fair return on the money.

Mr. McGregor: In other words the cabbage would not last as long as the carrots?

The Witness: That is right.

By Mr. Monet:

Q. I would like to ask a question or two with respect to onions. This is not indicated on the statement, but did you, sometime in the beginning of May, purchase any Egyptian onions?—A. We received them then, but we purchased them in January.

Q. Of this year?—A. That is correct.

Q. Can you tell the members of the committee your laid-down cost for those onions to which you have referred?—A. $6.50 to $6.75.

Q. So the figure which I have here, $6.54 a bag, would probably be about correct?—A. Yes. I heard of this through the questions yesterday and I telephoned the office and they gave me this $6.50 figure.

Q. My figure of $6.54 would be close to being correct?—A. Yes.

Q. What did you sell those onions for?—A. They tell me $8 to $9. That is as of April 28.

Q. April 28?—A. They were received in Toronto on April 28.

Q. You sold them within the next few days?—A. That is right.

Q. What quantity did you have?—A. 300 bags.

Q. 110 pound bags?—A. That is right.

Q. You sold them at what price?—A. $8 to $9.

Q. That would be a mark-up of how much?—A. About 30 per cent or 28 per cent on selling—30 per cent on selling.

By The Chairman:

Q. Is that the highest price you have received for Egyptian onions? —A. No, I think there were some higher prices received.

Q. Will you speak louder?—A. I think there were higher prices received.

Q. When?—A. In Toronto.

Q. At that time?—A. Yes.

Q. But did you ever make a higher profit?—A. No, sir, we have never handled Egyptian onions before.

Q. That was the first occasion?—A. Yes, since I have been in business.

Mr. McGregor: Going back to carrots, I think you missed one point. On March 4 it shows a sale of carrots at 13 cents a pound but the purchase was at 7 cents? Is that right?

Mr. Monet: On March 4?

The Chairman: Page 2.

By Mr. Monet:

Q. On March 4 the statement shows washed carrots were 7 cents?—A. That is right.

Q. Sold at 13 cents and there was a profit of 6 cents a pound?—A. Yes.

Q. 46 per cent?—A. Yes.

Mr. McGregor: They must have been pretty scarce that day?

The Witness: That is right.

The Chairman: Is that the only explanation that you can offer? Surely this is a pretty significant piece of evidence.

By Mr. Monet:

Q. Is it correct, Mr. Anspach, that the ceilings were imposed on the next day?—A. No.

Q. Do you know whether the ceilings on carrots came back on March 5?—A. No, March 18. I think it was March 18—

Q. I think it was March 5.—A. It may be; I would not say.

Q. The order has been filed here and it indicates that the date is March 5.—A. That is probably right.

The CHAIRMAN: Is it not true that before that time you were cautioned about this matter by the Wartime Prices and Trade Board?

The WITNESS: Not to my knowledge, no, sir.

Mr. PINARD: There was another order on carrots on March 15.

The WITNESS: That was the one I had in mind.

Mr. MONET: It was not the same thing.

Mr. MCGREGOR: The order came out on March 5 and carrots dropped from $13 to $6.50 in one week.

The CHAIRMAN: Let us get the answer to Mr. McGregor's question.

By Mr. McGregor:

Q. I say that the price of carrots dropped from March 4 to March 11 from $13 to $6.50 a hundred pounds?—A. The $13 was the last of the local carrots and I think the $6.50 refers to imported American carrots.

Q. It does not say so. I understand these were all Canadian carrots? Is not that right?

Mr. WINTERS: The column is headed "local carrots".

Mr. MONET: Yes, these are all local carrots.

The CHAIRMAN: I would suggest, by the way, that free enterprise does not mean unlimited enterprise or unlimited returns, and I think this is a matter to which we want to give very careful attention.

Mr. MCGREGOR: I wish to ask one other question. Does this same point, as far as carrots are concerned apply, that there were no American carrots on the market?—A. That is right.

Q. And that is the case nearly all the way through. If American carrots had been coming in we would not have got into a mess like this. That is how we got into it, by not having American carrots.

The CHAIRMAN: It is time for adjournment. Before we adjourn, as I pointed out earlier, we will continue this examination later. In the meantime, counsel wish to get together in connection with the textile inquiry which requires their immediate attention. On that account the committee will not sit until Tuesday morning a 11 o'clock.

The clerk now wishes me to advise you that he has consulted Doctor Beauchesne who says there is no appeal from the ruling of a chairman in committee.

Who is your next witness, Mr. Monet?

Mr. MONET: Mr. Blibner.

The CHAIRMAN: The committee stands adjourned until Tuesday next at 11 o'clock.

The committee adjourned to meet again Tuesday, May 18, 1948, at 11.00 a.m.

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